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# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

#### Queen set on Zambia visit

The Queen is still determined to open the Commonwealth Prime Ministers' Conference in Lusaka, Zambia, next month in spite of the threat posed by Joshua Nkomo's terrorist forces. A Buckingham Palace statement said: "At present it is the firm intention that the Queen will be going." Mr. Robert Muldoon, New Zealand's Prime Minister, has said he fears the Queen's plans could be set down by the "relatively undisputed guerrillas." One of the main problems facing the Queen's advisers is that the conference site is close to the bases being used by the Patriotic Front forces fighting a government of Bishop Abel Muzorewa in neighbouring Zimbabwe Rhodesia.

#### Iran 'traitors'

Iran's most prominent anti-Shah guerrilla group, the Marxist Fedayan-E-Khalq, has been denounced by Dr. Mehdi Bazargan, the Prime Minister, as traitors to the new Islamic regime.

#### Change of heart

Malaysia will stop its policy of pushing back to sea Vietnamese refugees if Vietnam and Western countries agree to set up camps to process them for resettlement, Tan Sri Ghazali Shapieh, the Interior Minister, said.

#### Wade beaten

Britain's Virginia Wade was beaten 6-4, 6-0 by Evonne Cawley in her Wimbledon quarter-final match. The number one seed, Miss Martina Navratilova, beat Australia's Dianne Fromholtz 2-6, 6-3, 6-0, Page 8.

#### Alcohol problem

The drinks industry is concerned about the growing problem of alcohol abuse among young people, Sir Derrick Holden-Brown, chairman of the Brewers' Society, said, Page 8.

#### Mulder charged

Dr. Connie Mulder, the disgraced former South African Minister of Information, is to be charged with contempt for refusing to give evidence to the government inquiry into the former Information Department's secret operations, Page 3.

#### Llewellyn banned

Rhody Llewellyn, friend of Princess Margaret, was banned from driving for 18 months and fined a total of £180 at Marylebone after pleading guilty to driving with excess alcohol in his blood, careless driving and failing to stop after an accident.

#### Briefly...

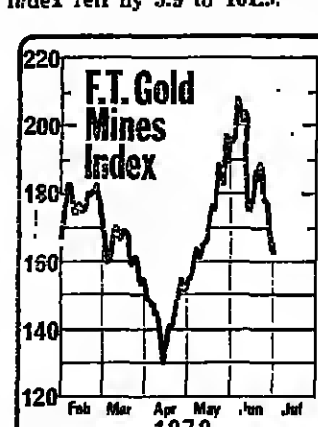
Former Prime Minister Edward Heath will captain Britain's Admirals Cup challenge for a second time when the series begins on July 30.  
String of earthquakes caused severe damage to the Panamanian Pacific coast town of Puerto Armeruelles.  
Israel plans to extract uranium from under the Red Sea as fuel for nuclear power plants.  
At least 23 people died and 78,000 made homeless in five days of torrential downpours in southern Japan.

### BUSINESS

#### Equities gain 1.7; Golds off 5.9

GILTS continued to advance as the rising sterling attracted widespread investments. The long-dated tap soon ran out and gains in longs stretched to nearly three points. Shorts also moved up. The Government Securities Index rose 1.19 to 72.28.

EQUITIES gained despite initial uncertainty and the FT 30-share index closed 1.7 up at 475.1. However, the gold mines index fell by 5.9 to 161.5.



STERLING rose by 85 points to \$2.1855, a four-year high, and its trade-weighted index was sharply higher at 70.1 (68.5). The dollar's trade-weighted index eased slightly to 35 (35.1).

GOLD rose by \$21 to London at \$324.2.

WALL STREET was 3.96 lower at 832.02 near the close.

MIDLAND BANK is to end its reliance on consortium banking for international expansion in view of its planned \$250m takeover of the Chicago-based Walter E. Heller financial group. Back Page.

PETER PAN Bakeries, the Belfast bread company which closed with a loss of 390 jobs, is complaining to the Ombudsman over the Government's handling of financial aid for the shut-down. Back Page.

TURKEY has sent a letter of intent to the International Monetary Fund regarding a \$300m (£198m) stand-by deal which could lead to further \$1.7bn (£1,080m) loans from Western countries. Page 2.

CHINA became the largest borrower on the world credit market in the second quarter, raising about \$18bn (£8.3bn) on an annual rate, says the OECD. Page 26.

MINERS' leader Joe Gormley warned Left-wingers not to rock the boat by militancy on wages. Tory policies or pit closures when the industry's position was strengthened by the energy crisis. Back Page.

INDUSTRIAL workers in State industries are likely to need wage increases of about 20 per cent this year, says an independent pay comparability unit. Page 9.

HIRE PURCHASE sales rose by 9.1 per cent in May as consumer spending was spurred by fears of a Budget rise in VAT. Page 6.

INSIDER DEALING will be covered in the next Companies Bill, although the precise definition of "inside information" still remained to be resolved, the Commons was told. Page 9.

### COMPANIES

MERCURY SECURITIES, the merchant banking and metal trading group, saw attributable profits rise from £10.32m to £14.86m for the year to March 31. Page 20 and Lex.

SUTCLIFFE SPEAKMAN and Co, the engineering concern, reports a pre-tax loss of £407,000 for the year to March 31, against a £566,000 profit previously. Page 21.

#### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS		FALLS	
Treas. 12pc 83 A	2997 + 1	Barlow Rand	243 - 7
Treas. 15pc 1985	£1324 + 21	Duwyl	414 - 6
Exched. 12pc 1989	300 + 9	Electromoponensis	315 - 8
A (£15 pd.)	517 + 1	Hancer Invs.	73 - 5
Barclays Bank	450 + 8	Ladbroke	195 - 15
Brown (J.I.)	513kd + 14	Waddington (J.I.)	162 - 6
Capo Inbs.	306 + 6	K. Lumpur Kepong	66 - 2
Five Discount	105 - 4	Ayer Hitam	265 - 15
Courts (Premiers) A	142 - 4	Geavor	123 - 10
Zyode	517 + 10		
Teywood Williams	88 + 4		
Joyds Bank	328 + 12		
Jona. Midland Inbs.	117 + 7		
HDW	50 + 6		
JFPC	176 + 5		
dfl Furniture	176 + 14		
NatWest	350 + 12		
Tush and Tompkios	145 + 13		

## Postal monopoly 'at risk' unless efficiency improves

BY NICK GARNETT AND JOHN LLOYD

The Government will review the Post Office's monopoly over letters—unless postmen agree to increase efficiency, Sir Keith Joseph, the Industry Secretary, told the Commons yesterday.

But Sir William Barlow, the Post Office chairman, admitted yesterday that the Union of Post Office Workers had "effectively stymied" any moves to increase productivity.

He said: "I have been unable to convince the union membership to accept change in return for opportunities for more pay."

In his statement, Sir Keith acknowledged that the recent backlog of mail was now being cleared and that many of the problems which had contributed to postal delays were beyond the corporation's control.

He added: "These problems have only confirmed that much needs to be done to improve the efficiency and productivity of the postal service. I have made this clear to the chairman of whom I have great respect."

Sir Keith drew attention to the offer of higher wages for increased efficiency which had been turned down by the UPW at its annual conference in May, after being agreed earlier in the year by the UPW executive.

The Post Office is continuing to negotiate with the UPW. The crucial elements which the Corporation wants agreement on are:

- 1. Acceptance of temporary labour during the summer months.
- 2. Acceptance of mail traffic measurement.
- 3. Co-operation on mail diversions from one office to another.
- 4. Abolition of excessive overtime working in certain offices, and proper levels of manning.

The Corporation rejects the claims made by the UPW that it is short of 10,000 postmen, and believes that it could solve many of its problems, especially in London, with an extra 2,000 workers in sorting offices.

Postal productivity has been declining for at least a decade. In 1974, for example, 175,000 postmen handled 11,878 pieces of mail. Now, the same number of workers handle 9,928 pieces of mail.

Mr. Norman Stagg, the UPW's acting general secretary, said last night that the union would resist any attempt to break the Post Office monopoly.

He said: "We know that the consequence will be that the most profitable areas will be hived off by cowboy operators with the Post Office left with the uneconomic parts."

The union's view is that the Post Office's biggest labour problem is its inability to recruit staff because pay and conditions are non-competitive.

Mr. Stagg, who had further negotiations with the Post Office yesterday over improving the use of manpower, said Sir William did not help by attacking the only union which was not to dispute with the Post Office.

"He's provoking a situation he would be the first to wish to avoid. I'm sick and tired of the Post Office blaming the UPW for its difficulties."

Parliament, Page 9  
Editorial comment, Page 18

## Pound closes at three-year high

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING rose sharply yesterday against both the dollar and the main Continental currencies.

The trade-weighted index, measuring the value of sterling against a basket of other currencies, jumped by 0.6 points to 70.1, the highest closing level since March, 1976. This is an increase of 4 per cent in less than three weeks since the Budget.

The recent appreciation has been much more than reflection of the dollar's weakness. In the past week, the pound has risen by nearly 1 1/2 per cent against the Deutsche mark, for example, to DM 4.093.

Sterling touched a peak of \$2.1835 at one stage yesterday, before slipping slightly to close at \$2.1855, its best closing level for nearly four years. The dollar was generally firmer than last week, though dealers suspect continued central bank intervention, including the U.S. Federal Reserve.

The Bank of England again appeared to have remained aloof from the sidelines and allowed demand to be reflected in the exchange rate. An indication of the scale of intervention may be provided by the official reserve figures for June due this afternoon.

The steady rise in the pound during the last fortnight has exacerbated the Government's policy dilemma. There is a general commitment to a strong exchange rate for counter-inflationary reasons. But there is also growing concern in industry about the further erosion of an already poor competitive position.

Sir Geoffrey Howe, Chancellor of the Exchequer, is likely to consider further relaxation of exchange controls. These would be in addition to the changes announced in the Budget and would remove artificial props to the rate. The move could involve an easing of controls on portfolio investment.

## Shell petrol up 7-8p at pumps

BY SUE CAMERON

SHELL OIL UK put up the wholesale price of its four star petrol by 6.2p a gallon last night, partly reflecting the disarray over the Organisation of Petroleum Exporting Countries' two-tier price structure for crude oil.

Shell's petrol price rises are higher than those announced by Esso at the weekend. Unlike the Esso increases, they take no account of the higher crude prices announced by OPEC last week. They are merely a response to the increased cost of North Sea and Kuwaiti oil.

North Sea oil is among the most expensive crudes and the price of Kuwaiti oil has gone from \$16.40 to \$19.20 since June. Both Esso and Shell buy North Sea oil but Esso also has access to the comparatively cheap Saudi crude.

Shell UK said yesterday that this gave Esso an advantage when it came to putting up the prices of such oil products as petrol.

The 6.2p a gallon increase in the wholesale price of Shell's four star petrol is expected to put up pump prices by between 7p and 8p. Esso has increased its wholesale price for four star by only 5p, adding 6p to its pump prices.

Shell yesterday gave a warning that it would almost certainly be putting up the whole-scale prices of its petrol again this year, probably in August, when the recent OPEC announcements are fully understood.

The OPEC price rises are expected to add a further 1p to 2p to the price of Shell petrol. Shell obtains 55 per cent of its oil from the North Sea, 35 per cent from Kuwait and 10 per cent from various other sources. Increases in the prices of Kuwaiti and North Sea crude last month added an extra £200m to Shell's annual costs.

Esso is believed to take about half of its crude from the North Sea, about 40 per cent from Saudi Arabia and about 10 per cent from other sources.

But the new OPEC price for Saudi marker crude is still only \$18 a barrel; less than Kuwaiti oil before the OPEC meeting in Geneva last week. And Esso's petrol price rises take into account the latest OPEC oil price increases.

Shell is hoping that Kuwaiti oil prices will not rise much during the next few months. But it expects North Sea oil to increase in price to \$23.50 — the ceiling under the new OPEC two-tier price system.

Continued on Back Page  
Parliament, Page 9

## Saudi oil output to be increased

BY JAMES BUCHAN IN JEDDAH AND RICHARD JOHNS IN LONDON

SAUDI ARABIA is to increase its oil production on a temporary basis, it announced yesterday. But it did not specify by how much and for what period.

The news was broken by the state radio, which quoted an official at the royal court. However, neither the Arabian American Oil Company nor, it seems, even the Saudi state oil corporation Petromin was informed of the decision in advance.

Sheikh Ahmed Zaki Yamani, Saudi Oil Minister who was at his country retreat near Sunningdale, Berkshire, having discussions with a Mexican oil delegation, was not available for comment as the oil industry urgently sought clarification.

The Saudi move would have been taken to help to stabilise oil prices at the levels set by last week's ministerial conference of the Organisation of Petroleum Exporting Countries which set an upper limit of \$22.50 for member states' premium crudes. It could be seen as a response to the agreement reached at the Western economic summit in Tokyo on limiting oil imports.

Significantly, though, the announcement from the royal court said that an increase was necessary to provide more money for the kingdom's development programme.

Last summer and again at the beginning of this year the Saudi Government experienced something of a financial squeeze as expenditure caught up with development. Now, however, revenues should be well in excess of requirements.

The explanation given is more likely to be intended to placate from world markets, even at a time of surplus, and extra capacity from Saudi Arabia, created panic.

"You can safely assume that now that we've lost that extra cushion and if something happens in the area that causes a further drop of 3m barrels a day, as it well may, the price will quickly shoot up to \$50 a barrel."

In the meantime, Sheikh Yamani, in an interview with Newsweek magazine, has delivered the most stern and explicit Saudi warning yet about the possible consequences of a failure to solve the Palestinian problem.

Asked to what degree he felt that the failure to achieve a comprehensive Middle East settlement was contributing to the oil crisis, he replied: "For the time being, no immediate impact; but there is a very real and very serious threat."

Sheikh Yamani did not speak of the "oil weapon", but asserted: "We know from the Iranian crisis that the sudden absence of 3m barrels a day

from world markets, even at a time of surplus, and extra capacity from Saudi Arabia, created panic.

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The Soviet factor in world oil supplies, Page 18

## Yamani warning

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The Soviet factor in world oil supplies, Page 18

## Ladbroke accused of corruption

BY JAMES BARTHOLOMEW

LADBROKE GROUP, with interests in casino gaming, credit betting, hotels and holidays, was accused yesterday of habitual breaches of the Gaming Act 1968 and of corrupting a member or members of the police.

The allegation was made by Mr. Michael Kempster, QC, on behalf of the police at South Westminster licensing magistrates court, the police and the Playboy Club of London, a subsidiary of the U.S. public company, are objecting to the renewal of three of Ladbroke's London casino licences.

Mr. Kempster warned the magistrates that "it may be suggested that the Augustan stable has been cleansed." But one of the directors of the casino subsidiaries had resigned only in April. The resignation of another had not yet been officially notified to the police.

He added: "Mr. Stein (the chairman of the Ladbroke Group) remains at the centre of the web."

Mr. Kempster said Ladbroke set up an unusual marketing exercise called "Operation Six" in 1977. The name referred to six rival casinos in London, the Playboy Club, the Knightsbridge Sports Club, the Clermont, Crockford's, the Curzon House Club and the Casanova Club.

Mr. Ian Withers, a private investigator, was hired by Ladbroke to obtain the registration numbers of cars parked near these rival casinos, said Mr. Kempster.

Lists of these numbers were then sent to Leicester where Mr. Rodney Widowson, Ladbroke's security officer for provincial casinos, procured and paid for the names and addresses of the car owners from the Nottingham terminal of the police computer. He paid 50p per name.

The names were then sent back to London where two women "marketing assistants" would approach the people concerned with gifts of fruit, flowers or chocolates and invitations to dine at one of the clubs. Once there, the guests would become members and gamble.

Last summer the police visited various offices of Ladbroke. Although the group's paper shredders "enjoyed their busiest if not their finest hour," said Mr. Kempster, the police found

## Risk money?

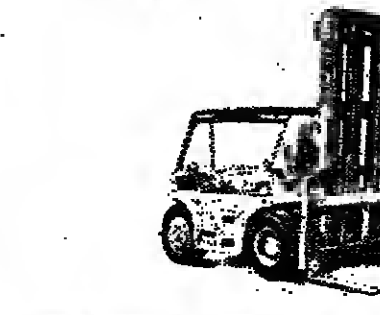
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EUROPEAN NEWS

Andreotti tries again

BY PAUL BETTS IN ROME



Hugh Routledge

PRESIDENT SANDRO Pertini yesterday gave Sig. Giulio Andreotti, the outgoing Prime Minister, the mandate to try to form a new Italian government. But the Christian Democrat leader's chances of succeeding himself for the third consecutive time in exactly three years appear very slim at this stage. Sig. Andreotti is unquestionably the best qualified candidate to lead a new government. But last month's inconclusive general elections, combined with the decision of the Communist party to return into opposition unless given Cabinet seats and demands by the Socialists and the other smaller parties for a non-Christian Democrat Premier, will inevitably make Sig. Andreotti's task more difficult than usual. Indeed, he is now already under pressure from a motley of political forces, not least his own Christian Democrat party. The failure of the Christian Democrats to make the expected significant advance in the June 4 polls has undermined the party's current top leadership, broadly composed of Sig. Benigno Zaccagnini, the secretary-general, Sig. Andreotti and Sig. Giovanni Golloni, the former Christian Democrat chief whip. The Zaccagnini-Andreotti-Golloni team has been the main sponsor of the policy of so-called national unity of the last three years, which brought the Communists into the Parliamentary majority and which has now been rejected by the electorate. This policy appears to have brought disunity and discontent within the country's two main political parties, the Christian Democrats and the Communists. At the weekend, Christian Democrat deputies elected as chief whip Sig. Gerardo Bianco, a little known political figure representing the Right of centre of the party, Sig. Bianco defeated in a second ballot Sig. Galloni, the candidate of the party's leadership, eloquently reflecting the split within the party itself. The election of Sig. Bianco is all the more significant coming only a few months before the key Christian Democrat congress in the autumn, when the current party leadership is likely to be challenged again. The so-called "rebels," who have vociferously advocated that the party take a firmer anti-Communist stand, have clearly been strengthened by the disappointing election results. But although Sig. Andreotti may be banking on a general closing in of ranks by his party to avert the appointment of a non-Christian Democrat Prime Minister, he is expected to be fairly opposed by the Communists. After suffering their first electoral setback in some 30 years, losing as many as 200 votes, the Communists are now

tion is having repercussions within the trade unions, now negotiating a series of major national labour contracts. During the past few days there has been a loosening of labour unrest throughout the country with, in particular, a number of large factories blocked. In the case of the Fiat car conglomerate, the unions have also announced a boycott of all Fiat cars produced abroad and shipped to Italy. In certain instances strikes have degenerated into violence. But Sig. Andreotti's biggest problems will come from the Socialists, without whose support he cannot form a working Parliamentary majority. The Socialists whose gains in the election fell significantly short of the party's expectations are themselves split. But Sig. Bettino Craxi, the Socialist secretary-general, has repeatedly stated he would not back Sig. Andreotti again. Sig. Craxi, like the leaders of several other smaller parties, is now calling for the appointment of a non-Christian Democrat as Prime Minister to give a sense of political renewal and change to the country. A number of non-Christian Democrat candidates are already being floated, including the Social Democrat Sig. Giuseppe Saragat, a former President of the Republic, and Sig. Bruno Visentini, the Republican outgoing Budget Minister.

Turkey sends IMF letter of intent for \$300m loan

BY OUR FOREIGN STAFF

TURKEY YESTERDAY moved a few steps further down the tortuous road towards tidying up its financial relations with the West. A special courier of the Turkish Finance Ministry left for Washington with the country's letter of intent to the International Monetary Fund. In Ankara the government reached a \$160m credit agreement with the World Bank while in London bankers were forecasting that a new \$400m loan could be signed "in the next three weeks." The letter refers to a \$300m one-year agreement to replace the two-year \$450m stand-by agreement which Turkey reached with the IMF in April 1978. The letter had been initiated during talks held in Paris last month. Since then a series of defections from the Government had raised the spectre of a political crisis but now Parliament recessed until November. The series of boycotts of parliament by the ruling Republican

People's Party has done little for its prestige—though the counterbalancing reports of deputies being offered their "weight in gold" to join the opposition. The board of directors of the IMF is expected to vote on the new agreement with Turkey at a meeting scheduled for July 19. Finalisation of this agreement will open the way for Turkey to receive \$900m of "emergency aid" from members of the Organisation for Economic Co-operation and Development. This aid is crucial for Turkey to be able to import the raw materials and semi-manufactures needed for factories to work closer to normal capacity. It is also essential if Turkey is to overcome its crippling shortages of petrol, pharmaceuticals and cooking fuels. Drivers have been issued with ration books but still face massive queues at the pumps which have petrol. The banks which are arranging a \$400m loan for Turkey are also making its availability dependent on the country mending its bridges with the IMF. Turkey has failed to meet the targets set out in the letter of intent agreed in April 1978. However, the banks insist as well that before their new loan becomes available Turkey should have completed arrangements for tidying up its overdue debt. Here there is less emphasis on the arrears totalling up to \$1.7bn on unguaranteed supplier credits than on the convertible Turkish Lira deposits—short-term bank-to-bank deposits whose foreign exchange risk was assumed by the Turkish central bank. The convertible deposits being rescheduled total \$2.4bn. The group of seven large banks which have been co-ordinating the rescheduling is now hopeful that it may be possible to despatch drafts of a final agreement "by the end of this week." The group does not expect a final signing this month.

Lisbon bid to form Government

BY JIMMY BURNS IN LISBON

PRESIDENT Antonio Ramalho Eanes yesterday met union leaders and representatives of the main employers' federations in the latest round of talks aimed at finding a solution to the three-week-old government crisis. Since the resignation last month of the non-party Government led by Dr. Carlos Mota Pinto, the President has met the country's politicians, generals and leading industrial figures in an attempt to find the necessary consensus. Dr. Mota Pinto's administration has remained in a caretaker capacity. The consultations are now believed to have entered their final stage, after a short interlude last week while the President visited Yugoslavia. Gen. Eanes is expected to address the nation later this week.

The political parties have already declared what they believe to be the best alternative to the outgoing Government. A party-based Government capable of running the country until the next elections in 1980 has the support of the Socialist Party, the country's main political grouping. This has been opposed by both the Social Democrats and Christian Democrats. Both parties want an election in October. They are also behind a proposal to hold a nationwide referendum to secure important changes to the constitution. These would include the constitution's ruling that full elections have to be held next year even if there is an early poll this summer. The Social Democrats and Christian Democrats, convinced that Portugal has

moved firmly to the right, think an early election would be decisive and ensure a stable Government for at least the next five years. Meanwhile, banking officials have confirmed that there have been continuing temporary interruptions in Portugal's negotiations with the IMF on a new standby agreement. Although both sides are believed to have reached broad agreement on credit and exchange rate policies, and the target for this year's balance-of-payments deficit, the talks have been complicated by the budget amendments and by the resignation of Dr. Jacinto Nunes, the Finance Minister. Although Dr. Nunes continues in a caretaker capacity, he is thought to be reluctant to sign an agreement of such importance.



Mr. Michael O'Kennedy, Ireland's Foreign Minister

Irish take over European stewardship

By Stewart Dalby in Dublin

IN THE now established tradition that small countries probably produce better presidents for the EEC Council of Ministers than the big ones, Ireland, which assumed the presidency for six months last weekend, will be working hard as the EEC's de facto foreman until the end of December. Unlike the hesitant French presidency which preceded it, Ireland's stewardship will be characterised, one is constantly assured in Dublin, by well-thought-out agendas, meetings which start on time, and more important meetings actually take place. Ireland's Foreign Ministry has a full staff of competent, mainly young people, well versed in Europe, whose job it will be to make sure things run smoothly. The French presidency, as some Irish officials see it, was marked by more than a few meetings which never took place, or by gatherings which were badly organised. What the French did not want to be discussed was not discussed. Mr. Jock Lynch, the Prime Minister, is the leader of a country of just 3m people. When he addresses the opening of the European Parliament in two weeks, however, he will effectively be speaking as the nominal leader of nearly 300m people. Symbolically, this leadership will be even more important when Mr. Lynch visits President Carter in the autumn. It will be very useful for Mr. Lynch to have, nationally at least, the weight of the EEC behind him. For Mr. Michael O'Kennedy, the Foreign Minister, the presidency could be crucial. Mr. O'Kennedy undoubtedly has the example of the only other time Ireland held the presidency (in 1975) in mind. Then, Mr. Garret Fitzgerald, who now leads the opposition party, Fine Gael, really made his name. By pushing out the contours of EEC policy, Mr. Fitzgerald became something of an international diplomatic star. Mr. O'Kennedy's stewardship should see the signing of the second Lomé convention, and will include the delicate matter of dealing with the first directly elected European Parliament. Mr. O'Kennedy, in short, has the rare chance of establishing a reputation abroad. If he does, it would do him no harm domestically, since he has long been tipped as a possible successor to Mr. Lynch. The Prime Minister has now been his country's leader for over 10 years. The next election must be called by 1982, when he will be 62. He could well decide to step down. There will be no shortage of contenders to take his place, including Mr. George Colley, the Finance Minister, Mr. Charles Haughey, the Health Minister, and Mr. Desmond O'Malley, the Minister for Industry, Commerce and Energy. Ireland's presidency, it is now clear, will be dominated by energy problems, and Mr. O'Malley, as head of the Council of Energy Ministers, should be in the thick of things. Relations with the directly elected Parliament will also dominate Ireland's presidency. Mr. Lynch has already spelled out his Government's policy on the Assembly. He does not believe it should be given more powers, and feels that Ireland's interests are best represented in the Council of Ministers. The third area where Ireland will be active is in trying to increase the size of the Regional Fund, before the accession of Greece, Spain and Portugal. Conversely, Irish Ministers will not be so keen to discuss a reform of the Common Agricultural Policy and the freezing of agricultural prices. Since it has been a member of the Common Market, it has received something like £1bn from the CAP, whereas its contribution to the Community budget has been only one-tenth of this.

Swiss foreign work force on the increase

By John Wicks in Zurich

THE NUMBER of foreigners employed in Switzerland rose by 1.5 per cent to 623,616 in the 12 months up to April 30. This further slight increase, after the small rise in the previous 12 months, was due largely to the growth in the number of resident foreigners no longer subject to labour-market controls. The number of non-resident foreign workers—both seasonal and border-crossing employees—rose, while the figure for resident foreign employees subject to labour-market controls (so-called year-round residents) dropped further, to only 138,593, compared with over 250,000 in 1975.

Dispute over Greek EEC envoy

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

A DELICATE controversy has arisen over the Greek Government's decision to nominate as its next ambassador to the EEC a career diplomat who previously served in the same capacity while his country was under the dictatorial rule of the Colonels. Several senior members of the Commission are understood to have expressed private reservations about the choice, which they consider surprising in view of the Greek Government's repeated assertions that EEC membership should provide a solid guarantee that their country will remain democratic in the future.

The diplomat is Mr. Stavros Roussos, who is now Greek ambassador to Britain. He served in Brussels from 1968 to 1973, during which time the EEC officially "froze" its association agreement with Greece, in protest against the Colonels' coup. While Mr. Roussos apparently represented the Colonels' regime loyally, his defenders point out that several other Greek career diplomats still serving in the Foreign Ministry did likewise. When the junta fell, there was no major purge of the Foreign Ministry. Indeed, Mr. Dimitrios Bitsios, who was

Foreign Minister for three years under the second junta Government of Mr. Constantine Karamanlis, was well known during the junta period for insisting as the Colonels' Ambassador to the United Nations, that there were no political prisoners, and for rebutting claims of torture. Mr. Roussos's defenders argue that he was considered an acceptable envoy by Britain, and this should be ample proof that he is a suitable candidate for the Brussels posting. He has, indeed, won praise in Britain for the quiet, serious way he has carried out his job.

Denmark drops plan for car restrictions

By Hilary Barnes in Copenhagen

THE DANISH government has decided to drop its proposal for a car-free day a week. Its other energy saving measures, including tax increases which put up the price of oil, petrol gas and electricity by over 20 per cent, were approved by the Folketing (Parliament) at the weekend. The government said it may come back to the car-free day idea if the tax increases do not cause a reduction in energy consumption. The idea was that car owners would decide which day to leave the car at home. A system of window stickers would let the police know on which day the cars were allowed on the road.

French Socialists protest at 'pirate broadcast' raid

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Socialist Party is organising a demonstration today to protest at last week's police raid on its offices after a pirate radio broadcast which was to include a recording by M. Francois Mitterrand, the Socialist leader. The police used tear gas and broke down the doors of the offices, but failed to find the illegal transmitter. Several Socialist MPs were manhandled, and a television reporter was slightly injured. The authorities have justified the police action by pointing out that the broadcasts broke the law giving the state-controlled

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Bundestag faces its crisis of conscience over war crimes

THE WEST GERMAN Bundestag (the lower house) will today decide the fate of the so-called "statute of limitations on murder," which is proving to be one of the most delicate issues in the political life of post-war Germany. Under the statute—due to take effect at the end of this year—people suspected of committing murder (including war-time genocide) 30 or more years ago may no longer be brought to trial. The main legal justification for the statute, which has been extended twice now, is that it is extremely difficult to guarantee a fair trial after such a long time—witnesses have often forgotten the main details of the case and, especially in the case of war-time killings, witnesses are difficult to trace, having dispersed throughout the world. The recent trial of 14 Mojanek concentration camp guards demonstrates the difficulties. Most of the witnesses were living in Eastern Europe, and many were ill and unable to testify in person. As a result, investigations lasted 16 years, and there was not enough evidence to convict some of the defendants. Between 1945 and

1978, over 84,000 cases were opened against suspected war criminals, but only 6,500 were convicted. The issue, however, goes beyond the question of legal expediency, although this is the argument most frequently used by Christian Democrat politicians who support the statute. The underlying problem is whether some kind of accommodation should be reached with the past. Was there any point, Herr Benno Erhard of the Christian Democrats, asked recently, in continuing trials of wartime murderers when the almost inevitable acquittals did nothing but damage the reputation of the Federal Republic and tarnish its image abroad. Herr Erhard, in a debate earlier this year, referred to the previously "deep uncertainty." The truth "is like an open book before us as far as the deeds are concerned—but is dark and confused when we examine the individual responsibility and personal guilt of the accused." Many Social Democrats, and a few Christian Democrats, feel, however, that the statute should be extended or abolished altogether, if only out of

respect for the relatives of Nazi victims. The thought of a murderer not being brought to trial simply because he had hidden up to now is, they say, intolerable. Chancellor Helmut Schmidt has also called on the Bundestag to provide for the continued prosecution of Nazi offenders. If the statute is enforced, he has argued, former Nazis would be able to boast of their crimes without running the risk of imprisonment. Herr Schmidt is also aware of the considerable consequences for Germany's standing in the world if immunity were granted to war criminals. There would above all be repercussions on Bonn's relations with Eastern Europe. Poland has been particularly assiduous in gathering evidence against German war criminals—218 of the 242 cases opened in 1977-78 were based on documents sent from Warsaw. Both the Soviet Union and Poland continue to try those of their citizens who were involved in genocide during the German occupation and warned Bonn against enforcing the statute. Israel and some West European countries have also

expressed concern. Partly to meet this international criticism, Herr Werner Maihofer, a Free Democrat member of the Bundestag, and a former Interior Minister, has suggested that a strict distinction be drawn between murder and genocide. The statute of limitations could then be applied to cases of ordinary murder, while mass killings would still be liable to prosecution. But this has raised some awkward legal questions. Statutes of limitations, for instance, have already come into effect for such related crimes as deportation, so that a court would have to prove that the suspected murderer had actually pulled the trigger and was not just an accomplice to murder. The prosecution case would then become almost impossible to prove after a 35-

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year time lag, and after the harrowing experience of concentration camp life, identification of the murderer would be extremely difficult. Most witnesses were also denied watches and calendars when the crimes took place, causing further complications. The Maihofer proposal has so far attracted little support in the Bundestag. Yet supporters of the statute claim that its enforcement need not signify complacency about

West Germany's "Statute of Limitations on Murder" is proving to be one of the most delicate issues in the Federal Republic's political life: ROGER BOYES reports from Bonn.

senator in Bremen, have all been forced to resign because of a recent revelation about their war records. With this kind of vigilance, some supporters of the statute have been saying, there is no need for foreign countries to fear that West Germany is becoming tolerant of Nazi crime. But it is a "vigilance" which is not so much rooted in the quest for justice as in the search for party political advantage. The case against a suspect is usually leaked initially to journals which are politically opposed to the intended target, and the information is seized upon as legitimate ammunition by the local opposition parties. To make the criticism stick, there has to be evidence that the politicians in question were more than just members of the Nazi party. Both the former Chancellor, Herr Kurt-Georg Kiesinger and the present President, Dr. Karl Carstens, were even a member of the SA brown shirts during the mid-1930s. There is no suggestion that either man was implicated in atrocities or political violence of any kind. Their past, though, is often

portrayed (usually by left-wing critics) as a "black stain" on the same justice which pervades the present debates about the statute of limitations. The vote is to be treated as a matter of conscience rather than a matter for party whips—but even this decision was arrived at after weeks of discussion between the parties. Christian Democrats, in the midst of a struggle with the Bavaria-based Christian Social Union, over who should become the next Bundestag Chancellor, have been anxious not to add to the list of their "public squabbles." There is a youth vote to be won, a general election next year and the Christian Democrats do not want to be identified as the party which is "soft" on war criminals. The Social Democrats' coalition is also divided. The "free vote" is seen as the best formula to encompass such views as those of Herr Herbert Wehner, the Socialist parliamentary leader. "Murder is murder and should not go unmentioned," and those politicians who believe that some "murder" should go unpunished.

هكذا من الأحرار



Iran Budget 17% down on Shah's

BY MICHAEL WHELAN IN TEHRAN

Iran's first annual Budget since the Revolution is to be a conservative one of 22,410 billion rials (\$1.7 billion) or 17 per cent down on the last Budget approved by the Shah's Government.

It is known that the Budget was sent to Ayatollah Khomeini's Revolutionary Council, though Mr. Moinefar did not make clear if it had passed this hurdle.



Ayatollah Khomeini

additional sum, will cover expected losses by state companies. No provision has been made in the Budget calculations for revenue or expenditure concerning the recent nationalisation of the banking and insurance industries.

Mulder summoned for contempt

By Quentin Peel in Johannesburg

DR. CONNIE MULDER, the former South African Minister of Information, is to be charged with contempt for refusing to give evidence to the Government inquiry into the secret operations of his former department.

UAE completes Cabinet

BY OUR OWN CORRESPONDENT

A NEW Government for the United Arab Emirates was announced at the weekend nearly two months after Sheikh Rashid, the Ruler of Dubai and Vice-President of the UAE, undertook a mandate to form one.

One surprise is that Mr. Said Gorbash is retained as Minister of Planning. It was generally believed that Sheikh Rashid wanted to dismiss him.

The distribution of portfolios among the seven emirates remains the same, with representatives from Sharjah and Ras al-Khaimah each holding two.

'Delight' over Thatcher hint

By Tony Hawkins in Salisbury

OFFICIALS IN Salisbury expressed "delight" yesterday at Mrs. Margaret Thatcher's indication that the British Government is unlikely to agree economic sanctions against Zimbabwe Rhodesia in November.

Shaba peace-keeping force prepares to withdraw

BY MARTIN DICKSON

A PAN-AFRICAN peacekeeping force is about to start a phased withdrawal from Zaire's Shaba province, leaving a doubt about security in the vital copper mining area.

Hoss invited to form Cabinet

By Hsan Hijazi in Beirut

PRESIDENT Elias Sarkis of Lebanon yesterday asked Dr. Selim al-Hoss to form a new Government.

U.S. warning on 'boat people'

BY PHILIP BOWRING IN HONG KONG

THE U.S. has privately but firmly told the countries of South East Asia that they must provide a temporary home for the refugees from Vietnam if they wish to receive the full co-operation of America in resettling them.

Japan's Kampuchea move

BY OUR OWN CORRESPONDENT

JAPAN has launched an initiative aimed at convening a conference to discuss a political solution to the turmoil in Kampuchea.

Ethiopians mobilise for new Eritrea offensive

BY OUR OWN CORRESPONDENT

ETHIOPIAN FORCES, supported by Russian advisers, are mobilising for a renewal of their offensive against guerrilla forces in the Red Sea province of Eritrea.

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WORLD TRADE NEWS

# Iran nuclear project nears collapse

BY ANDREW WHITLEY IN TEHRAN

IRAN HAS taken over from Kraftwerkunion, the West German engineering concern, the care and maintenance of the country's largest development project, the \$6.9bn (£3.2bn) twin nuclear power stations under construction at Bushire on the Gulf.

Work stopped on the project last January, and there are no immediate prospects of resumption although construction is 80 per cent complete.

Pessimism over the future of the project, the last survivor of Iran's once highly ambitious nuclear power programme, deepened yesterday when Mr. Ali Akbar Moinefar, the influential Plan and Budget Minister, was reported as saying he was personally opposed to the construction of nuclear power stations in Iran.

He said they were uneconomic and in the case of the West German reactors be raised a

safety consideration, saying the site was earthquake prone. Kraftwerkunion is known to be unhappy about the Atomic Energy Organisation of Iran's decision to take over the management of the Bushire site, as they consider there are insufficient Iranian nuclear

technicians available to look after the equipment already installed.

"We never thought they would be as foolish as to think they could do it on their own," one West German involved in the project said. No negotiations are in progress on whether or not work will resume, but in the meantime the Iranian Government is making clear by other means that there is likely to be little future role for the German company.

Temporary work permits have been issued for only 186 expatriates employed by Kraftwerkunion and the construction consortium HDG, Hochtief, Dyckerhoff and Widman.

These are valid for three months and thereafter the number will be reduced to 50. At its peak, 3,000 West German technicians and their families were living on the site. Work began on the nuclear plants some three and a half years ago and progressed rapidly. Completion was due for late 1980 and early 1981 for the two units, and Iranian officials frequently praised the quality of the West Germans' work.

## Mideast road link plan

BUCHAREST—Ten European countries are expected to join in the construction of a 10,000 km (6,250 miles) trans-continental motorway from the Baltic Sea to the Mediterranean to provide a rapid link between Europe and the Mid-East, Romanian officials report.

The North-South traffic route is to include existing roads. But, in addition, each country participating in the project would be required to contribute to road improvement.

The countries are: Poland, Czechoslovakia, Austria, Italy, Hungary, Yugoslavia, Romania, Bulgaria, Greece and Turkey.

Called the European Antiostrada, the project was reported to be projected for completion by 1990. But no cost estimates were announced.

Officials said preliminary planning work was financed by the UN Economic Commission for Europe (ECE) and the UN Development Programme (UNDP). AP-DJ

# Japan woos Mexico over oil

BY WILLIAM CHISLETT IN MEXICO CITY

THE SUMMER months will see a flurry of activity between Mexico and Japan as efforts are made to intensify commercial relations between the two countries.

Sr. Jose Diaz Serrano, the head of Pemex, the Mexican state-owned oil corporation, is keen to visit Tokyo early this month. Japan's trade and industry ministers plan a visit to Mexico later in the month and the foreign minister in August.

Meanwhile Japanese businessmen, bankers and technicians have been constantly flooding between Tokyo and Mexico City since Sr. Jose Lopez Portillo, the Mexican president, visited Japan last November. Japan had a trade surplus with Mexico last year of \$235m (£130m).

There are three points of interest: Japan's eagerness to purchase Mexican crude and on capitalising on Mexico's need for expertise in building industrial and port complexes on the Pacific and Atlantic coasts and in electrifying its railway system.

Oil, of course, is the chief attraction. Japan has to import 99.3 per cent of its oil and is looking for new sources. Mexico is not a member of OPEC, is regarded as a 'stable' country and, with potential hydrocarbon reserves of 300bn barrels, is a long-term source of supply.

While Japan is clearly anxious to secure a long-term commitment from Mexico the matter is far from cut and dry.

Mexico's price was higher than OPEC's prior to the recent OPEC ministers' meeting. While Mexico's relative price is now uncertain, Japan does not appear likely to haggle over such matters, knowing full well that Pemex can always sell elsewhere. But as a country with a keen sense of business it wants to get the best deal possible. This could involve linking the purchase of oil to Mexico's industrial needs.

In this respect it is both amusing and noteworthy to see that a sense of rivalry has developed between different, private interests in Japan. On the one hand the powerful

Mitsubishi trading company, the Japanese Industrial Bank, the country's largest private bank for long-term loans, are making a joint approach to Pemex to buy the oil and, as a sweetener, have offered cheap credit.

On the other hand, Japan's private oil-importing companies have formed another bloc, but apparently have not offered credit. They are the logical buyers, as they have the distribution network, but the other group is pushing hard with Pemex waiting to see how this rivalry resolves itself.

A far more serious problem

for Japan is Mexico's lack of deep water ports on the Pacific coast. Until there is a clear indication that ports will be enlarged, Japanese importers will be reluctant to make such a long and costly journey if it can only bring in small tankers. The Mexican Government is now carrying out a ports study.

Mexico will also have to build a pipeline across country to move the oil to the Pacific coast from the major oil fields by the Gulf of Mexico.

Oil could be piped over to Salinas Cruz on the Pacific Coast, and Japan could provide loans for the pipeline as the Mexican Government intends to finance the building of industrial complexes near coastal areas from its oil revenue.

Mexico may require Japanese participation in the second stage of the expansion of the steel mill at Las Truchas. Nippon Steel, Kobe Steel and Sumitomo Metal Industries are involved in talks with the Government. A decision has yet to be taken on who will be involved in this steel expansion.

There is no doubt that the will is there to buy the oil. Japan needs it and Mexico has publicly stated that it wants to diversify its oil exports away from the U.S. and reduce its share from its present 85 per cent to 60 per cent. If this is so then Japan could be importing 200,000 barrels a day from Mexico by the time it reaches daily production of 2.25m b/d at the end of 1980.

# Air Canada nears new aircraft decision

By Michael Donno, Aerospace Correspondent

AIR CANADA is on the verge of a major re-equipment decision for short-to-medium range airliners, with its choice believed to be in favour of the Boeing 767 twin-engine jet over the rival European Airbus A-310.

The airline's board is due to meet in Montreal next Monday, to vote on a proposal from the technical staff of the airline that it should buy up to 30 Boeing 767s, worth eventually over \$1.5bn including spares.

The belief in the U.S. and European aerospace industry is that the vote will be in favour of Air Canada buying initially 12 Boeing 767s, with an option on another 18 aircraft.

Original pressures by the Canadian Government on the airline in favour of the European A-310 appear to have faded following the defeat of Mr. Trudeau's Government in the recent general election.

The Air Canada deal, if approved, will be the first major order for the 767 outside the U.S. Already, firm orders for the 767 amount to 84 aircraft from four U.S. airlines (United, American, Delta and Pacific Western), with options on another 81 aircraft.

Among the technical reasons cited for Air Canada's preference for the Boeing 767 are that it has a bigger wing than the A-310, giving improved performance over the European aircraft.

But another factor is that the Canadian aerospace industry, already closely associated with Boeing on various civil and military programmes, could get some offset work as a result of the Air Canada decision.

## Mainair in £71m Airbus acquisition

By Charles Batchelor in Amsterdam

MARTINAIR, THE Dutch charter airline company, has ordered three A-310 Model 200, Airbus at a cost of more than £1 300m (£71m). The aircraft, to be delivered beginning in 1984, will replace three DC-8s now in service. Two will be convertible, in that they will be able to be used either solely for passenger or freight, marking the first time that an A310 has been ordered in this version, Martinair said.

# Third World still opposes GATT safeguards code

BY BRIJ KHINDARIA IN GENEVA

THE COMMON Market has received a stern reply from developing countries to its proposals on an international code allowing industrialised nations to slap on import curbs to safeguard home producers against excessive competition from cheap foreign goods.

The developing countries have said they will not accept any code which does not oblige the government imposing the safeguard measures to first consult with the exporting country concerned and also obtain approval from a committee responsible for running the code.

The reply was given in informal talks which have been under way here intermittently since mid-June. Some sessions were chaired by Mr. Olivier Long, director-general of the General Agreement on Tariffs and Trade (GATT), the world's trade watchdog body.

The code is to be part of a package of trade codes being negotiated in Geneva in the multilateral trade negotiations

(MTN) to supplement and modify existing GATT rules which govern most of the non-Communist world's trade.

Several MTN codes were completed last April but most Third World countries have so far refused to sign a final document ratifying with the code.

The document has been signed by all the industrialised countries but Third World nations have said they are not yet satisfied that the separate codes in the package are to their advantage.

The proposed code on safeguards is the most important element of the MTN package. The Common Market, with lukewarm backing from the more liberal U.S. Administration, is trying to ensure that the code will allow its member states to curb cheap foreign imports if they endanger home industries.

The developing countries are bitterly against this interpretation of safeguard measures and insist that the code should be seen only as a safety valve to

be used in very exceptional circumstances after providing clear proof that cheap imports rather than other factors, such as managerial inefficiency, are the cause of home industry troubles.

The existing Article XIX of GATT has so far acted as the safeguard clause but was rarely used because it obliged the country invoking it to curb imports from all sources.

The Common Market is now arguing that such blanket curbs are unfair because they penalise equal exporters as well as the large ones whose products have caused the difficulties. For this reason the Community wants the right to apply safeguard import curbs selectively against products from specific countries.

The Community, the U.S. and Japan agreed in April that they will try to wrap up all major elements of the MTN by mid-July. Third World negotiators are marking time in the hope that the Community will soften its position nearer this deadline.

# Italy seeks more Soviet oil

BY PAUL BETTS IN ROME

ITALY is seeking to increase its imports of oil and natural gas from the Soviet Union, both to offset in part shortfalls in oil supplies from Iran and to help cover future domestic energy consumption.

This was one of the main issues discussed by Sig. Giulio Andreotti, the outgoing Italian Prime Minister, during a brief visit in Moscow at the weekend on his return here from the Tokyo Summit.

Sig. Giorgio Mazzanti, chairman of Ente Nazionale Idrocarburi, the Italian state agency, is now expected to hold further

talks with Soviet officials.

The Soviet Union currently supplies Italy with natural gas equivalent to 6.5m tonnes of oil and a further 6m tonnes of crude. These imports cover about 10 per cent of Italy's overall annual energy requirements.

The Soviet Union is now understood to be willing to increase natural gas exports to Italy to the equivalent of 10m tonnes of oil a year, but are asking for an adjustment in prices.

Italy's current economic co-operation agreement on prices with the Soviet Union is

scheduled for renewal next year.

Moreover, the Soviet Union also appears interested in expanding collaboration with a number of leading Italian enterprises in the petrochemical and nuclear energy fields.

To this end, Italy is expected to open negotiations with Moscow for a new export credit line to the Soviet Union towards the end of this year.

During the past months, ENI has been negotiating a number of agreements with oil producing countries, including Saudi Arabia and Iraq, for additional oil supplies this year.

## Cold store group expands

BY PAUL TAYLOR

THE O'GORMAN GROUP, the UK-based cold store construction and industrial refrigeration consultants, has set up new offices in Europe and the Middle East.

The move is part of an export drive designed to capture a 50m share of the growing overseas market for cold storage plant within the next five years.

The group, which moved into the export market only 18 months ago, has won a £7m contract for three 910,000 cu ft cold stores in the United Arab Emirates.

The cold stores are at present under construction, and the

group recently completed a 750,000 cu ft cold store for Christian Salvendy at Chateaufort, Loire, France.

As a result, the group, which manufactures high quality modular insulation panels at one of its UK plants has formed a new company in France.

It has also opened offices in Paris, and has established a joint company with Arabtec, a Dubai construction company.

The group's turnover is expected to increase from £10.6m in 1977/78 to between £17.5m and £18m in 1978/79 and exports are at present running at an annual rate of about £10m.

## West Malaysian surplus rises

By Wong Seng in Kuala Lumpur

WEST MALAYSIA'S trade balance soared to a record surplus of 1,390m ringgits (\$260m) during the first four months of this year, compared with a trade surplus of 250m ringgits during the same period last year.

The commodity boom, and higher output of crude oil from the east-coast state of Terengganu were mainly responsible for this big jump. But Mr. Mohd. Daud, Minister of Finance, said that exports for January to April totalled 5,710m ringgits against imports of 4,320m ringgits.

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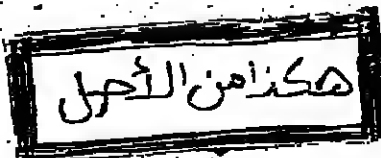
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## Rise in machine tool business

BY JOHN WICKS IN ZURICH

THE VALUE of world machine-tool production was more than \$19bn (£8.5bn) last year, according to estimates of the European Committee for Co-operation of the Machine Tool Industries (CECMTI). Of this total, almost 75 per cent is said to have been accounted for by cutting machines.

The main centres of machine-tool manufacturing are given as Western Europe, with some 40 per cent of the whole. Eastern Europe with 24 per cent, the United States with a share of 17 per cent and Japan with one estimated at 13 per cent. The remaining 6 per cent came from ten further countries, primarily in South America and South-east Asia.

Competition from "new

producer countries is said to be growing, with producers there able to deliver machinery of conventional types and at prices considerably below those offered by manufacturers in Western Europe, the U.S. and Japan.

These are seen as being forced to develop models with more advanced technology, improved product reliability and after-sales service.

Western European countries are stated to have purchased machine tools worth more than \$5bn in 1978, this accounting for more than 27 per cent of world demand. Some 50 per cent of this value is accounted for by trade between these countries.

The committee reported a rise in machinery investment,

following the 1974-77 recession, in the German and French markets and to a lesser extent in Italy and the United Kingdom.

According to Sig. Guido Conati, of the European machine tool exhibition (EMO) to be held in Milan this October, machine-tool manufacturers in Germany, France and the United Kingdom are currently reporting an improvement in the volume of new orders.

Delivery dates average some eight to nine months in these countries and in Italy. In Switzerland, another leading machine-tool producer, work on hand is equal to some 24 months production, and shorter delivery dates are attributed to the smaller average size of Swiss models.

# Hargreaves profit maintained despite exceptional conditions

- But for the exceptionally severe weather and third party industrial disruptions in the first three months of 1979, the profit for the year ended 31st March would have been significantly higher.
- Turnover rose 8% to £165.7 million and pre-tax profit was maintained at £3.4 million. The total dividend per share was increased to 3.592p.
- The proposed rights issue of one-for-three will strengthen the Group's capital base and enable it to take advantage of opportunities for growth.

Copies of the Report and Accounts are available from the Secretary, Bowcliffe Hall, Bramham, Wetherby, West Yorkshire LS23 6LE. Telephone: Boston 544563.



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سكس ايجي

# Few heed the call of the Stars and Stripes

BY NANCY DUNNE IN WASHINGTON

SIX YEARS after the demise of the military draft in the U.S., Pentagon officials trooped up to Capitol Hill recently to answer anxious questions about personnel shortfalls in each of the four services.

More than 50 per cent of U.S. military spending is related to manpower and this is rising. Pay and benefits for the recruits have surged. About \$80-90m are spent per year on recruiting alone. Some \$515m will be spent in fiscal

are generally from poor families. Many commanders, however, say it is the most effective U.S. peacetime force of the century. It is more efficient to teach highly motivated professionals the uses of complex modern weaponry than to train reluctant



A Marine in action in Vietnam... now the corps is 2,000 men short.

The active army, which has been "streamlined" down to 760,000 men and women, finished 1978 2 per cent below goal and, now is down about 6 per cent. The navy ended last year with only about 94 per cent of its projected recruits. The marines were running about 17 per cent short in the first three months of the fiscal year and even the traditionally popular air force was about 700 short last December.

Most worrying is the shortfall in army reserves which were once filled out by young men seeking a haven from the draft. National guard units, which serve the states in peacetime and the federal government in wartime, are about 60,000 Army reserve units are about 80,000 below full strength, and the individual ready reserve—trained soldiers on "standby" assigned to no divisions—are short about 320,000 of the 500,000 required.

ant draftees, who serve shorter times and rarely re-enlist. Others feel the new recruits are less intelligent than the average of those who would be picked up in a draft. Although the army makes a point of enlisting that 70 per cent of new volunteers have high school

# Uniroyal fights order alleging job discrimination

BY JOHN WYLES IN NEW YORK

UNIROYAL, the third largest U.S. tyre producer, yesterday went to court in Washington DC to fight a Labour Department order preventing it from re-signing any Federal Government contracts because of alleged job discrimination.

Uniroyal said that the row stems from the company's 1968 strike after administrative hearings which found that the company had discriminated against female workers at its Mishawaka, Indiana plant. In addition, it was alleged that Uniroyal had breached contractual obligations to the Government by refusing to cooperate with an investigation into charges of discrimination.

# Executives suffer drop in salary

BY JOHN WYLES IN NEW YORK

PAY RISKS for senior executives in 1978 were pegged to the same level as those for blue collar workers last year, according to a survey by Peat, Marwick, Mitchell and Co.

Overall, this meant a drop in salary and bonus increases from 11.1 per cent in 1977 to 8.6 per cent last year. P.M.M. speculates that the fall may reflect the dampening influence of President Carter's wage guidelines, which came into force in October.

# Oil auction attracts high bids

BY DAVID LUCELLS IN NEW YORK

AFTER THREE years of legal wrangling, the U.S. put 148 oil exploration tracts on Southern California up for auction at the end of last week, and received bids worth nearly \$1bn for 55 of them.

Most of the bids were for tracts in the Santa Barbara Channel, where the nation's worst blow-out occurred in January, 1969, spilling oil over a 3,000-acre "disaster" site. Despite the disaster, and high local opposition from environmentalists, the channel is viewed as one of the more promising offshore drilling areas.

# Support fades for lorry strike

BY JOHN WYLES IN NEW YORK

SUPPORT for the U.S. independent lorry drivers strike is beginning to wane following a promise from the Carter Administration of zero fuel and new surcharges on the rates the drivers can charge to offset rising fuel costs.

# Iraq stops unloading of crude for Canada

BY JIM RUSK IN TORONTO

IRAQ HAS placed an embargo on crude oil shipments to Canada and, although it may not be long-lasting, Canadian Government officials have had to intervene with the Iraqi embassy in Ottawa to clear the unloading of a cargo bound for Petrofina Canada.

A spokesman for the Canadian External Affairs Department confirmed that the Government learned early last week that there might be interruptions in the Iraqi oil supply in retaliation for Canadian plans to move its embassy in Israel from Tel Aviv to Jerusalem.

**"We believe in ploughing back every penny we can afford into investment, and to do that, we need predictable profits. That's why we have an ECGD insurance policy for our exports."**

"It would be quite wrong for us to get a good return one year, only to have a hole knocked in it the following year because of a large overseas loss. With the worldwide expansion of our business, there are many hazards and it would be foolish not to insure the credit risks."

"So, with ECGD covering 90 or 95% of the value of our exports—at low premiums—well it seems to us an eminently sensible way of doing business."

Mr T Pollard (seated) is Chairman and Mr DT Morris-Jones, Financial Director of Gullick Dobson International Ltd of Wigan, who export many £ millions of powered roof systems for mining all over the world.

ECGD insures from date of contractor dispatch of goods. Cover is available for contracts in sterling or other approved currencies for: Continuous sales worldwide of raw and processed materials, consumer goods and production-line engineering goods  
 Sales to and by overseas subsidiaries of UK firms  Sales through UK commissioning houses and by UK merchants  Single large sales of capital equipment, ships and aircraft  Constructional works contracts  Services. ECGD also makes available: Guarantees to banks providing export finance, often at favourable rates of interest, including project loans and lines of credit to overseas borrowers  Guarantees for performance bonds  Guarantees for pre-shipment finance  Consortium contingency insurance  Cost escalation cover  Tender to contract cover  Cover for investments overseas  For full details call at your local ECGD Office.

To make an appointment or for information contact the Information Officer, Export Credits Guarantee Department—quoting reference FTW—at Glasgow, Belfast, Leeds, Manchester, Birmingham, Cambridge, Bristol, London West End, Croydon or Tottenham Offices, or Joan Swales, Information Section, ECGD, Aldermanbury House, London EC2P 2EL. (Tel: 01-606-6639, Ext. 253).

**ECGD** 1919-1979



UK NEWS

Hire purchase sales show 9.1% increase

BY DAVID FREUD

HIRE PURCHASE sales rose sharply in May as consumer spending, spurred by fears of a Budget VAT rise, continued to recover from the winter slowdown.

Figures released yesterday by the Trade Department showed that the amount of new credit advanced in May was 9.1 per cent higher than in April, after a 7.9 per cent rise in the previous month.

Retail sales in May fell from the near-record level of April, but still remained buoyant. The revised index for the volume of retail sales was 1.6 per cent lower at 113.5 (1971 = 100, seasonally adjusted), the same as the provisional estimate.

The significance of the drop should not be exaggerated since the level of sales in April may have been artificially high because of bunching of purchases after the bad winter weather and industrial disputes.

Even after the fall, the volume of sales was still about 3.5 per cent above last year's average level.

Taking the latest three months together, to eliminate the bunching effect, the biggest increase was in sales of durable goods, which were 3.7 per cent higher than in December-February.

Spending in clothing and footwear shops and other non-food shops was 1.7 per cent higher in the latest three months, while food sales were up 0.3 per cent.

The largest drop in May was in clothing and footwear, where sales were 6.4 per cent lower than in April.

HIRE PURCHASE CREDIT AND RETAIL SALES

Table with columns: Finance Houses, Retailers, Total debt outstanding (unadjusted), Total (1970=100), Durable goods shops. Rows for 1977 and 1978 (1st, 2nd, 3rd, 4th months).

Source: Department of Trade

Mr. Richard Weir of the Retail Consortium, which represents a wide range of stores, attributes this poor result both to the poor spring weather and to the emphasis on durables in heart-the-Budget shopping.

New credit extended by finance houses and retailers rose by £52m in May to £24m, after seasonal factors are taken into account. The department said that this reflects pre-Budget spending, especially on motor vehicles.

Following the big rise in April, this meant that total advances in the latest three months were 10 per cent higher than in December-February.

Advances by finance houses and other consumer credit grantors rose £22m to £388m in May, while new credit extended by retailers was £10m up at £236m.

The total amount outstanding to finance houses and retailers in May was 26 per cent higher than a year earlier at £6.75bn (not seasonally adjusted).

Private preview for BL products

By Kenneth Gooding, Motor Industry Correspondent

BL IS TO stage a private preview this week of the Mini Metro, new versions of other cars, and examples of its new truck range.

The original idea was to show senior representatives of banks and financial institutions which have invested in BL how their cash is being spent. But the preview has been widened to include Department of Industry representatives, senior union officials and members of BL Cars' national dealers' organisations.

There will be separate presentations over several days at BL's new top-security, advanced Technical Centre at Gaydon, Warwickshire.

Secrecy

Those invited have promised secrecy. They will get the chance to drive prototypes of the new Mini Metro and look over examples of other BL cars soon to be put on the market.

Also on view will be some T45 trucks, due to be launched in the autumn, and T43 trucks, designed for sale in developing countries.

BL denied that the presentation was intended to induce the private sector to put up more money for the group.

"We simply feel those who have already invested should have a chance to see how some of their money has been spent," a company spokesman added.

Soviet Christmas card mystery

BY MAURICE SAMUELSON

THE newest threat to East-West détente was raised yesterday in the House of Commons when a Tory MP alleged that a growing number of Christmas cards, printed in atheist Russia, were being "dumped" in Britain to the "substantial detriment" of British manufacturers.

Mr. Robert Atkins, MP for Preston North, pressed Mr. Cecil Parkinson, Minister of State for Trade, to investigate the allegations. Mr. Parkinson, bracing himself for his first international crisis since assuming office, admitted that it was the first he had heard of this insidious and cynical abuse of free trade.

Back at the Trade Department, officials were also mystified by the claim that the cards were being unloaded here as part of a complicated Soviet effort to secure sterling to purchase computer equipment in the U.S.

That was also the view at Fine Art Developments, Britain's biggest greeting cards producer, which said the Russian Christmas cards sold here last year were "of very little consequence and had no noticeable effect on our trade." They were all of the cheap "super-market" variety, the company added.

As for the ideological ironies of the Communists purveying religious material, this was also obscure. Some of the Russian cards sold here last year were said to have portrayed a little girl kneeling with hands clasped. Another showed three shepherds.

If true, though, it is partly the fault of the designers, who trade circles say are almost certainly British. Statistics on the Soviet Christmas-card trade are also elusive. Some say that 45m Russian cards were imported last year and might reach 100m this year. However, this is not a very big threat to a market of 1.1bn cards a season, and is said to be less than the number of cards imported from the devoutly Catholic Irish Republic.

Britain last year was still a net exporter of cards with 50pc worth being imported with 50pc worth being exported.

Minister and local authorities clash over spending cuts

BY RAY PERMAN, SCOTTISH CORRESPONDENT

LOCAL AUTHORITIES clashed with Mr. George Younger, Scottish Secretary, yesterday over how they should carry out cuts in spending.

The Government wants the cuts, amounting to £84m in Scotland during the current year, to be made in services and by natural wastage in reducing manpower.

At a two-hour meeting in Edinburgh Mr. Younger asked the authorities to avoid increasing rates. He accepted that there could be problems in implementing the Government's financial policy but emphasised that it was determined to reduce the public sector borrowing requirement.

of the Convention of Scottish Local Authorities, said that it was ridiculous to cut grants to councils and expect them not to increase rates. This would place them in a straitjacket and could leave them without enough money to fulfil their statutory obligations.

The Scottish Office has said that council budgets for this year must be trimmed by £49m and that the rate support grant increase promised to councils would be reduced by £35m.

Officials from the Scottish Office and the local authorities are to prepare a report on the way in which spending can be reduced in time for the next meeting between Mr. Younger and the convention in September.



Mr. George Younger

Court told of 'insolvency sale'

A FORMER chairman of Barclays Merchant Bank said in the High Court yesterday that four years ago the Newman Industries company bought the shares and debt of a company that was already insolvent.

Sir Charles Ball told Mr. Justice Vinelott that the company, Smithamcote, had a negative asset value as a group and was unable to meet liabilities as they fell due.

He was appearing as an expert witness in an action brought by the Prudential Assurance against Newman, Thomas Poole and Gladstone China (TPG), Mr. Alan Bartlett and Mr. John Knox Loughton. The case concerns the sale of a package of assets and liabilities by TPG to Newman in 1975.

The Prudential held about 4 per cent of Newman's capital at the time and is claiming that the circular informing shareholders of the proposed sale was misleading and "tricky." It also seeks damages for breach of duty and conspiracy from Mr. Bartlett and Mr. Loughton who, were then chairman and vice-chairman of both Newman and TPG.

Among the assets acquired by Newman were 49 per cent of the ordinary capital of Smithamcote, an unquoted holding company for management consultancy business, and promissory notes issued by Smithamcote to TPG totalling £100,000.

The interest on the notes was set at minimum lending rate but Sir Charles said he thought five per cent above MLR would have been a much truer rate.

which was read to the court, valuing two management consultancy concerns held by Smithamcote.

Three methods of valuation were considered initially, but these were rejected and the final valuation was based on unadjusted fees plus 10 per cent.

Sir Charles described this valuation as ingenious but said he did not agree with it.

After commenting on the sale of stakes in four associated companies by TPG, he said he could not quite fathom why TPG wished to dispose of them.

"To my mind, there must have been some other factor, which was not put down in words of one syllable," he added.

It was not impossible that TPG had expanded on the back of bank borrowing and had over-extended itself.

but Sir Charles said he thought five per cent above MLR would have been a much truer rate.

On June 28, 1978, a week after the circular was issued, Smithamcote defaulted on the notes, though shareholders were not informed of the fact until later.

Sir Charles said that the rate of interest was academic, and was unable to meet liabilities as they fell due.

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Bill to check bus fare frauds

By Colleen Toomey

GREATER MANCHESTER Passenger Transport Executive has taken a radical step to check passenger fraud. A Private Bill now before Parliament would enable the executive to charge passengers caught travelling beyond their paid destination five times the fare for the unpaid journey, with a minimum of 50p.

Alleged offenders would be given 21 days to pay or to provide an adequate explanation.

The Confederation of British Road Passenger Transport said yesterday that while the scheme covered only the Greater Manchester area, it hoped that Mr. Norman Fowler, Transport Minister, would apply the Bill nationally. The cost of fraud in Manchester is estimated at £2m a year.

Mr. Denis Quin, director-general of the confederation, said that with soaring fuel charges and inflation forcing up running costs, it was important for bus operators to recoup costs.

Chief of state ship repair yard resigns

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

MR. JAMES EKINS, chief executive of the State-owned River Thames Shiprepairers, has resigned following a decision to halve his company's workforce.

He is to become managing director of the recently-formed Wimpey Appledore company, which specialises in marine construction consultancy.

Mr. Ekins said yesterday that recent rationalisation plans announced by British Shipbuilders, of which River Thames Shiprepairers is a part, had changed the nature of the company and his own responsibilities.

River Thames will now come under the executive chairmanship of Mr. John Wilde, who also heads British Shipbuilders' Vesper repair company in Southampton. Eventually, the two yards may be merged for marketing and purchasing purposes.

That is an issue which will be taken up by Mr. Eric Mackie, who joins British Shipbuilders shortly as managing director responsible for ship-repair. Mr. Mackie is also faced with

the problem of mounting losses in the ship-repair division, in spite of a big reduction in jobs at River Thames and the virtual closure of the Falmouth repair yard.

Mr. Mackie was previously managing director of James Brown and Hamer, a ship repair company based in Durban, South Africa. He replaces Mr. Anthony Mackesay, who has left Britain.

Another problem for Mr. Mackie is the persistent pressure on British Shipbuilders to sell the ship repair facilities it is scaling down.

There are still companies interested in the Falmouth yard, which contains the biggest repair dock in Britain. C. H. Bailey, the Bristol Channel ship repair company, is still showing interest, as is Clydeside Engineering, which is owned by Mr. R. A. B. Butler, chief executive of Tyne Ship-repair, the largest of British Shipbuilders' repair subsidiaries.

Overseas student fees rise

By Michael Dixon, Education Correspondent

AN EXTRA 22 per cent increase in tuition fees for overseas students was announced by the Government yesterday. The move, foreshadowed in the Budget last month, will save about £6m of public expenditure in this financial year.

The increase, on top of the inflation-compensating rise previously announced by the Labour Government, will mean that from the autumn overseas students at British universities and colleges will be paying tuition fees 33 per cent higher than in the last academic year.

The fees for postgraduates will rise from £925 to £1,230; those for undergraduates from £795 to £940; and those for sub-degree courses from £390 to £520.

But about 60 per cent of the average cost of the overseas students' courses will still be met from UK taxpayers' funds.

The new fee-levels recommended by the Government seem virtually certain to be put into force by the local education authorities, which fix the fees for polytechnics and colleges.

The universities will be more reluctant to follow the recommendation. But they were officially warned last year that resistance to Government policy on overseas students could have "a serious long-term effect on the total money available to universities."

Capital Annuities - no levies

By Eric Short

THE POLICYHOLDERS Protection Board has heard evidence to its obligations towards policyholders in Capital Annuities, the life company in the process of being liquidated, without having to impose any levies on life companies during the year ending March 31, 1979. It also does not expect to make any levy during the current year.

This was revealed when the Board published its report and accounts for the financial year ending March 31, 1979. It was set up to administer the working of the Policyholders Protection Act, 1975, which guarantees that policyholders will receive at least 90 per cent of the benefits on their insurance contracts should their insurance company run into financial difficulties.

It had power to finance its operations by making levies on the premium income of life companies. So far it has made one such levy in 1977 which raised £1.5m.

At present, the board is making payments to policyholders in Capital Annuities, a life company that was subject to a winding-up order on July 26, 1978. The board is either making payments direct to policyholders or through substitute contracts issued by Commercial Union Assurance or Hambro Provident Life Assurance.

The accounts showed that the board paid out over £900,000 to policyholders in the last financial year—£842,000 direct and £268,000 through the CU. The board's only source of income during the year was £61,000 of bank and other interest, so it ended the year with a deficit of £1.31m. But since the end of the year in question, it has received the first interim payment of £1.11m from the liquidator of Capital Annuities.

Mr. Paul Shewell of Coopers and Lybrand the liquidator of Capital Annuities, stated that the liquidation is proceeding smoothly. All policyholders have surrendered their rights to the board, all general creditors have been dealt with,

Mitchell Cotts sells warehouse complex

BY MICHAEL CASSELL

MITCHELL COTTS, the international trading, engineering and transport group, which is reorganising operations and reducing borrowing in the wake of a poor overseas trading performance, has sold a warehouse complex in Penkridge, Staffordshire, for £6.5m.

The complex has about 300,000 sq ft of warehousing space and has been bought for cash on a sale and leaseback contract by Pearl Assurance. The price compares with a book value at the end of June 1978 of £2.3m. A 42-year lease has been secured at a current annual rental of £55,000.

The complex is about 10 years old and occupied by major industrial tenants including Imperial Chemical Industries. Mitchell Cotts itself uses only about one-sixth of the floor-space, although it emphasised yesterday that continuing use was necessary for its transport operations.

Mr. P. P. Dunkley, chairman of Mitchell Cotts, said the £6.5m reduction in borrowings would bring a substantial saving in interest charges, even after the rental charges.

The excess of £4.2m over book value to be transferred to reserves, and the reduction in the group's overall indebtedness, would considerably strengthen

the balance-sheet and "pave the way" for future development of its operations.

In the year ending June, 1978, the group showed bank borrowings of £23.12m. Pre-tax profits fell to £10.24m against the previous year's record of £11.67m. In the first half of 1978-79 the pre-tax figure fell from £4.58m to £2.67m on an almost unchanged turnover, and a figure for the year of about £6m looks likely.

The main element in the profits fall has been less activity in Southern Africa and Australia. Mr. Dunkley said yesterday that the group was steadily building up its UK business.

Bus fares blow to Merseyside

HIGHER fuel prices will mean that Merseyside municipal bus fares, already due to rise 10 per cent in October, will in many cases have to go up even more.

Mrs. Jean Leech, chairman of the Merseyside Passenger Transport Committee discounted reports that they could go as high as 25 per cent, after a meeting with the directors of the Merseyside Passenger Transport Executive.

Co-op loses court fight

NOTTINGHAM City Council can let out a new supermarket site which is at the centre of a dispute between the council and Greater Nottingham Co-operative Society, a High Court judge ruled yesterday.

He freed the city council from an undertaking not to accept tenders for the site at Carlton Road, Nottingham. But Mr. Justice Walton said the Co-op could proceed with an action

for breach of contract against the council.

The judge said an action for an injunction was unsustainable. He blocked further legal moves by the Co-op to obtain a declaration that the council was bound by a 12-year-old agreement to offer it the lease of the site.

But he said the Co-op might have a very good claim for damages. The society was given leave to appeal.

House price stability foreseen

BY MICHAEL CASSELL

HOUSE PRICES in the first half of 1979 continued to rise at the rate recorded last year, although a period of stabilisation now looks likely, according to the Anglia, Hastings, and Thanet Building Society.

The society's chief surveyor, Mr. Peter Moreton, calculates that prices rose on average by 14 per cent in the first six months of this year against an overall average increase of 28 per cent in 1978.

Mr. Moreton says that house purchase activity during the first part of 1979 was greater than expected. The market continued to react to the recently achieved improvement in real incomes. In addition, there has been a marked

shortage in many regions of new and second-hand houses in the popular range.

But in a survey of the current market Mr. Moreton comments: "The basic laws of supply and demand lead to a natural periodic cycle of peaks and troughs in prices and housing is not immune. The last year and the early part of 1979 has seen a peak, with the market catching up."

"The economic situation, recent Budget proposals and the latest retail price index all indicate that a period of house price stabilisation may well be in prospect and that the increases of past months could well moderate."

According to the society, the

picture nationwide remains one of an inadequate supply failing to meet heavy demand. At the same time, mortgage demand far outstrips mortgage finance, so that borrowers are providing more from their own resources. Estate agents Bernard Thorpe and Partners said yesterday that it was becoming almost "impossible" for first-time house buyers to afford a home of any sort within the Greater London area.

The company's quarterly survey of property trends says that young couples are almost barred from buying within central London because of high prices and lack of sufficient mortgage money.

The survey also shows that

some prices being paid for land are well up to those of the 1972 property boom. It adds: "There is every reason for caution during the second half of this year because changes in the economy, coupled with general inflation and money-supply problems, could catch out those who are relying on continued inflationary house and land prices to make their money."

Private collector spends £105,000 at Christie's

BY ANTHONY THORNGROFT

A SALE of Italian paintings at Christie's yesterday made £105,000. A private Canadian collector was particularly active, acquiring half of the top 10 lots. He paid \$22,800, plus 11.5 per cent buyer's premium and VAT, for a Castel Durante blue ground tondo by Zuan Maria, circa 1510 (lot 24), for £270,000 on its last appearance at Christie's in 1890, and \$30,000 for a large Fraenzes painted istoriato Berroneo dish of 1537.

His other purchases included an Urbinio lustred blue dish in copper lustre of 1539 at £17,000; a Gobbi lustred blue ground tondo, of around 1525, for £14,000; and a Beruta blue and gold lustre charger of about 1520 for £12,000. Other high prices were the £32,000 from Humphreys, the London dealer, for a Gobbi lustred armorial tondo of c. 1520, but for £22,000 and £28,000 from the

same buyer for a Caffagnolo blue and white armorial tondo of c. 1510.

There were several high prices at the Society's auction of valuable printed books which brought in £270,000. Quirich, the London dealer, bought a rare first edition of Shakespeare's *Titus Andronicus* for £17,000.

SALEROOM

BY ANTHONY THORNGROFT

with 91 plates by Reynolds and others, for £22,000, more than three times the estimate, and Jacques-Louis David's *Madame de Pompadour in a Blue Dress*, with 264 watercolours, realised £26,000. Baskett and Day gave £20,000 for a portrait of a young man by Arpes, painted by Philippe de Monceau. *Portrait of a Young Man* by Van Dyck, with 264 plates, was sold for £22,000.

هكمان النحر



Handwritten Arabic text in a box: *البحر هو قلبنا*

# HEART OF POLYESTER ARE OUR SHIPS...



Does it seem far-fetched that the great navies and merchant fleets of the world will one day be moulded in plastics? Yet parts of them are today. Smaller craft, it's true, such as minehunters, work boats and submersibles. Yet there they are, hulls and superstructures sailing the seas, rivers and harbours of the world, moulded with the help of Cellobond polyester resins, specially developed by BP Chemicals.

this in plastics? What seems incredible today may be only just over the horizon. BP Chemicals are always working at the frontiers of technology, researching new applications for our products and making them work. If the admiralties of the world decided to move from steel to reinforced plastics, many of the hulls launched would be built with the help of BP Chemicals.

founders of the European petrochemicals industry. Our direct access to the raw materials from within the BP Group provides security of supply. This, together with our continuing investment in resources, service and product range, ensures that we continue to meet the needs of industry today, and the demands of the world tomorrow.

**BP** Next—a through-deck cruiser like BP Chemicals are one of the **BP chemicals**-making it all happen

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UK NEWS

Economic prospects 'hit by dearer oil'

BY DAVID FREUD

A GLOOMY view of the medium-term prospects for the UK economy after the most recent oil price rise was published yesterday by the independent forecasters, the Economic Models Group of Companies. The group does not expect the private economy to take the opportunity over the next four or five years for substantial expansion given by the reduction in public spending and real taxation growth.

Employment prospects in the service sector should therefore improve. The group forecasts that by 1985 the cost of an average house will move up from the present level of £18,000 to £45,000. However, in the short term the rise in house prices is expected to end with an increase in 1980.

Other manufacturing sectors showing strong growth are expected to be instrument engineering, chemicals and, after 1981, motor vehicles. Certain basic industries are expected to continue to decline over the forecast period, in particular iron and steel, shipbuilding and marine engineering, and textiles.

Damages for house defects

THE OWNERS of two neighbouring houses in Romford, Essex, were yesterday awarded more than £40,000 agreed damages for foundation defects in their homes. Mr. Neville and Mrs. Fabienne Woodley-Jones, of 1 Cromwell's Mere, Havering Road, Romford, received £45,000. Their neighbour, Ms. Juliet Frances Broster, of 2 Cromwell's Mere, received £43,000. Mr. Justice Kitner-Brown approved the awards.

Brewers 'worried' by young drinkers

BY PAUL TAYLOR

THE DRINKS industry is "deeply concerned" about the growing problem of alcohol abuse among young people, Sir Derrick Holden-Brown, chairman of the Brewers' Society, said yesterday. However, Sir Derrick, speaking at the Cities of London and Westminster and Borough of Chelsea Licensed Victuallers Association charity luncheon in Guildhall, London, said the problem should be solved by further education and research rather than by advertising restrictions and enforced higher prices.

Major educational programmes had been introduced into secondary schools by the Brewers' Society to help to combat the problem. Sir Derrick rejected the twin calls for higher alcohol prices and further restrictions on advertising as a means to solve it. Following a call from the British Medical Association last week for tighter restrictions on drink and tobacco advertising, he said there was "no evidence whatsoever" of any causal relationship between the promotion of drink products and the incidence of alcohol abuse.

Alderney marina opposed

BY OUR OWN CORRESPONDENT

A CAMPAIGN is being mounted in Alderney against a plan for a 400-berth marina and five-storey hotel in Braye Bay, close to one of the island's largest and finest beaches. Henry Boot Construction, of High Wycombe, and Channel Islands Granite of Halifax have submitted plans for the marina, which would form part of a £4.6m scheme to include a 200 bed hotel, to the States of Alderney for debate tomorrow.

The Alderney Watchdog Committee has objected that the proposed marina would double the island's 1,800 population, cause pollution and place an increased strain on all the island's services. The watchdog committee said the States' transport and harbour committee voted to support the marina plan when one of its members, opposed to the scheme, was off the island.

Grundig and Philips bid for European video tape market

BY MAX WILKINSON

THE BATTLE for supremacy in the European video tape recorder market took a new turn this weekend with the announcement that Grundig and Philips are co-operating on a new machine intended to challenge Japanese imports. The new machine, the Video 2000, is controlled by a micro-computer and offers up to eight hours' play from one tape cassette. It uses the first video tape cassette which can be played on both sides like an audio cassette. This will enable it to be much more economical in the use of tape compared with the rival machines developed by the Sony and Matsushita in Japan. The cost of a tape is expected to be around £20 for an hour's playing.

It is expected to be on sale early next year at a price which will probably start slightly higher than that of its Japanese rivals. They now retail at £600 to £700 in the UK. Philips and Grundig, the only European manufacturers of video recorders for the domestic market, are clearly hoping that the machine will enable them to recover some of the market share which has been lost to the Japanese in the last year. The market leader at present is the Video Home System (VHS) developed by Matsushita, which has been offered for rental in the UK by Thorn and Granada. It is followed by the Betamax format developed by Sony. Both have been out-selling NI7000 from Philips which suffers the disadvantages

of being the first consumer-oriented machine on the market. It is bulkier than its rivals and considerably more expensive in its use of tape. The Video 2000 uses a different type of tape cassette from that of the NI7000, and both are different from either Japanese offerings. Grundig's current machine developed from the NI7000, also has a different tape format. Consumers will thus be faced with five incompatible systems. None of these different types of machine can play tapes designed for any of their rivals. Most analysts of the market agree that such a large variety of machines can play tapes designed for any of their rivals. The full horror might never be known for the NSPCC could only speak about cases brought to its notice. The Rev. Arthur Morton, who retired in March, said his final annual report contained "shocking accounts of appalling cruelty to defenceless children; a record of 12 months neglect and deprivation on a scale that rips away the tissue veneer of our so-called civilised society."

CONTRACTS

Dubai cold stores cost £7m

Three cold store complexes with more than 2.7m cu ft of refrigerated capacity are being built in the United Arab Emirates by the O'GORMAN GROUP for the Bhatlo Engineering Corporation, Dubai. They will cost more than £7m. Each complex has a capacity of 910,000 cu ft and comprises 40 variable temperature stores capable of refrigerating down to -30 deg C in a maximum ambient of 45 deg C. Contracts worth £2.2m have been placed by the National Coal Board with 10 UK companies for

the supply of mild steel sections from stockists for the period July 1, 1979, to June 30, 1980. A contract worth almost £1m has been placed with MORCEAU FIRE PROTECTORS for more than 60,000 sq metres of Marine Mandolite for structural fire protection on Mohli's concrete Statford B platform. Thames Television has placed a contract with LINK ELECTRONICS, Andover, to construct a production colour outside broadcast vehicle for six-camera operation. The unit will carry

video tape recorders and comprehensive sound and vision facilities. The 11-metre long vehicle will be built on a Seddon Pennine chassis modified with an additional front steering axle to increase load-bearing capability. On-the-road value of the vehicle will be about £900,000. REISS ENGINEERING has received orders worth more than £120,000 for Romminger-Petter filter assemblies from Wigwags Teape, Thames Board Mills and Bowaters. The equipment will be used for filtering size and screening high solids coating.

Clwyd seeks restoration of Welsh air link

By Robin Reeves

TALKS are to take place this week on restoring the North-South Wales air link, suspended at the week-end after the acquisition of Air Wales by Air Anglia for an undisclosed sum. Air Anglia's management has agreed to meet senior officials of Clwyd County Council, which has been subsidising the twice-daily service between Hawarden and Cardiff for £34,000 a year. Air Anglia has indicated that the suspension will be brief to allow Air Wales's operations to be examined in detail. The signs are that the new owners are looking for an increased subsidy from Clwyd to maintain the service.

The North Wales local authority undoubtedly values the air link as an important element in its efforts to attract new industry to the county, which has the highest unemployment in Wales, over 10 per cent. Clwyd is angry at the lack of consultation which preceded Air Anglia's suspension. Mr. Mervyn Phillips, the county's chief executive, hinted yesterday there were alternatives open to the local authority, such as putting the subsidy into a charter service link with Cardiff or an improved rail service between North Wales and the Welsh capital. Air Anglia's takeover ends months of rumour and speculation about the future of Air Wales, a subsidiary of Cosalt and DK Aviation. The Cardiff-based airline began operating in December 1977 with the aim of establishing a network of routes. At one stage it proposed the setting up of a round-Wales airbus.

Aims award for Laing chairman

SIR MAURICE LAING, chairman of building and civil engineering company, John Laing, was yesterday presented with the National Enterprise award by Aims, the free enterprise organisation. He also received the symbol of the Campaign Against Building Industry Nationalisation, of which he is chairman. Mr. John Lyle, chairman of Aims, said Sir Maurice had led a battle which put the Labour Government in retreat on the nationalisation issue. "It also changed the attitudes of the public, and of workers and trade unions in his industry," Mr. Lyle said. "Special awards were presented by Aims to Mr. Leslie Chapman, author of Your Disobedient Servant; Professor Max Beloff, principal of the University College at Buckingham and Mr. T. E. (Peter) Uley, leader writer of the Daily Telegraph."

Name change for Babcock power division

BABCOCK AND WILCOX (Operations), the heavy power plant division of Babcock and Wilcox, has changed its name to Babcock Power. Mr. Ron Campbell, managing director, said the new name was a better indication of the division's business. No structural changes were planned. The power plant company was restructured last year, when all Babcock's power plant and heavy engineering businesses were merged. Its turnover fell during the year to £89.4m, compared with £102.5m in 1977. Profits were down to £1.2m from £3.4m. Together with other power plant companies, Babcock has suffered from a lack of domestic power station orders. But the company says prospects have improved. While the domestic ordering programme is likely to remain depressed, the company expects to export more than 50 per cent of its production this year, against 35 per cent in 1978.

Child cruelty 'rips veneer of our society'

BRITAIN IS so violent that people are becoming "shock-proof" to child cruelty, the former director of the National Society for the Prevention of Cruelty to Children warned yesterday. The Rev. Arthur Morton, who retired in March, said his final annual report contained "shocking accounts of appalling cruelty to defenceless children; a record of 12 months neglect and deprivation on a scale that rips away the tissue veneer of our so-called civilised society."

LABOUR

Pay unit says Government staff will need 20% rises

BY PHILIP BASSETT, LABOUR STAFF

GOVERNMENT industrial workers are likely to need increases of about 20 per cent this year, according to reports from an independent pay comparability unit. The reports of the Civil Service's Pay Research Unit, which has been given extra resources to deal with outside comparisons for the 170,000 industrial civil servants in addition to its normal work for 600,000 white-collar staff, have now been delivered to the 12 unions and the Civil Service Department. The department is due to give the unions its analysis of the

reports by the end of the month, though initial analysis by the unions shows that rises of about 20 per cent are due for the majority of the grades, though increases for higher-paid skilled workers are likely to be greater. Analysis of the raw information in the reports of comparisons with similar jobs in outside companies for the industrial workers is further complicated by the fact that unlike the white-collar staff factors such as shift payments have to be evaluated. The unions regard the white-collar settlement which gives increases averaging 25 per cent by January as an important

guideline for negotiation. Of particular relevance to the industrial grades are the settlements of 20-20.99 per cent and 20.16-21.95 per cent reached for the bottom two administrative grades. The unions feel that the Government will find it difficult to avoid reaching agreement for the industrial grades based on the PRU comparability reports, partly because of the influence of the white-collar settlement but mainly because the principle of comparability as a basis of this year's settlement was central to the agreement reached last year.

Action taken over pay last year by the industrialists caused considerable political embarrassment when three out of four of Britain's Polaris submarines were blacked and had to be released by the Navy. Other action included disruption in naval dockyards and stoppages by House of Commons and Whitehall drivers, messengers and other staff. The pay unit, which makes no recommendation as to how its findings should be applied, has looked at comparable jobs in engineering, shipbuilding, construction, transport, distribution and other industries.

North Sea gas supplies threatened by dispute

BY NICK GARNETT, LABOUR STAFF

THE supply of North Sea gas from four production platforms operated by Phillips Petroleum is under threat from a union dispute over pay. ASTMS represents 56 of the 80 maintenance men, operators, technicians, supervisors and foremen on the four platforms. The Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union represent about ten with a further 15 staff non-unionised. Mr. Roger Spiller, ASTMS divisional officer, said the company had made an 8 per cent offer on basic salaries and an improvement in the special allowance for working offshore from £5 to £8.50 per day. Mr. Spiller said Phillips had consistently adhered to pay policy while other production

companies had not. Staff who had shown great loyalty were now being forced to act against "parsimonious treatment". The company said yesterday that it had offered a pay package that compared more than favourably with that in other industries in the area. "Neither the unions nor the company expects any interruption in supply to affect the public because of low summer demand. Current basic salaries range from £3,036 for trainee plant operators up to a maximum of £5,000 for foremen. There is a further 74 per cent on salaries for fixed two hours weekly overtime, and shift and offshore allowances totalling £1,821.

between unions and the company is scheduled for next week. The Association of Scientific, Technical and Managerial Staffs, which represents a majority of staff in dispute with Phillips in the Hewitt gas field, said yesterday that unless the company made substantial improvements on its last offer the union would take whatever action was necessary to change Phillips' stance. This could involve the closure of the company's gas wells which produce 15 per cent of UK needs, although it is more likely that the unions would do enough simply to reduce supply. A final conciliation meeting

BL craft men blame transport union in wage structure row

FINANCIAL TIMES REPORTER

THE FOUR craft unions at BL's car body plant at Cowley, Oxford, say the Transport and General Workers Union has torpedoed chances of any pay rise this year. They make the accusation in a leaflet distributed after the disbanding of a committee selected to decide how jobs should be slotted into a new wage structure. Mr. Roy Fraser, the Cowley convenor who leads BL's skilled workers, says that all the pay reforms under negotiation and the pay review due in November depend on the union's acceptance of a new wage structure. They say the factory committee was disbanded by the plant director, Mr. John Jackson, because of the transport union's "obstructive attitude."

The factory was among the earlier qualifiers for parity payments, but no progress has been made on slotting jobs into the new pay grades. The manual unions have accepted a five-grade structure in the BL Cars joint negotiating committee, and BL says it intends to honour and apply it—but TGWU leaders in Oxford are campaigning for a four-grade system. TGWU members will be lobbying union members of the joint negotiating committee in Coventry today in the hope of winning their support. Mr. David Buckle, Oxford district secretary of the TGWU, has dismissed the craft unions' accusation as a gross exaggeration. Members felt a four-grade

structure would be better for production workers. He said he was content with the way the area's campaign was going. Mr. Alex Fletcher, the Scottish Industry Minister, is writing to Mr. Michael Edwards, BL chairman, to ask what the company's investment plans are for the Bathgate "truck" and tractor plant West Lothian. The board of BL Vehicles cut £32m from the forward investment programme for Bathgate last year following a seven-week strike by machinists. But Mr. Fletcher was told yesterday by shop stewards that industrial relations since then had been good and that productivity improvements justified looking at the investment programme again.

Hotel workers claim £65 minimum

FINANCIAL TIMES REPORTER

A CLAIM for a minimum wage of £65 a week for Britain's 690,000 hotel and catering workers has been submitted by the General and Municipal Workers' union on behalf of the workers' side of the Licensed Residential Establishment and Licensed Restaurant Wages Council. The claim, which also calls for equal rates for part-time workers, as well as other mini-

mum terms, goes before the wages council governing the industry. Mr. Fred Cooper, GMWU national officer and leader of the workers' side, said: "This time the council has a real opportunity to look after the lower paid. Profits in this industry are at an all-time high while wages are at an all-time low. Mr. Cooper added: "It is disgraceful that, in such a profit-

able industry, workers receive some £9 less than they would get on special security. While the industry coins in the money, the state has to pay out family income supplements to the workers. Last year Sir John Wood, chairman of the Wages Council, warned the employers that they had to deal with the problem of low pay. Our claim holds them to that warning."

WIMBLEDON BY JOHN BARRETT

Cawley routs Wade in only 68 minutes

VIRGINIA WADE's dreams of winning her second Wimbledon title disappeared in 68 minutes yesterday when she was routed 6-4, 6-0 in the quarter-finals of the women's singles by Evonne Cawley of Australia. Mrs. Cawley, four times a finalist here but only once a winner, in 1971, produced her most graceful and fluent tennis to achieve her 26th win over Miss Wade in their 34 meetings. She was never behind and hardly ever looked back after capturing her opponent's serve in the opening game. Two impressive service games to love left her 3-1 up and at one stage some marvellous touch play brought her nine points in a row. There were brief hopes for Miss Wade in the sixth game when she got within two points of a break but the danger was averted with a gorgeous Cawley cross-court forehand which dropped beyond Wade's outstretched racket. Serving to save the set at 4-3 Miss Wade fought off two set points, the first with a deep service winner and the second with a full-stretch half volley which just cleared the tape. After seven deuces the game was salvaged but Mrs.

Cawley overcame a slight stutter, losing the first two points of the next game, before she took the set after 41 minutes when Miss Wade netted a backhand. The second set was a disaster for the British No. 1. She collected only 15 points in a 21-minute rout and afterwards said "I just couldn't get going. The court was much faster than I ever imagined it would be. Evonne played very well but she always plays well against me. She had a tremendous touch. I had none. If she plays like this she could go all the way." Mrs. Cawley, who now meets the number 2 seed Chris Evert-Lloyd, the 6-3, 6-4 winner over Wendy Turnbull, another Australian, said: "This was a more comfortable match than I expected because Virginia has been playing well, but I am in good touch and feeling confident." For the third time in five matches the champion Martina Navratilova dropped a set and looked distinctly shaky early on before putting out Dianne Fromholtz 2-6, 6-3, 6-0. After trailing 3-1 in the second set Miss Fromholtz battled back to 3-3. Her best chance came in the next game



Evonne Cawley... 26th win over Virginia Wade. Mrs. Navratilova's semi-final opponent will be the 15-year-old American Tracy Austin, who overcame Billie Jean King, 25, the three-time winner of the title, 6-4, 6-2 in just over two hours. Miss Anglin, who was not born when Mrs. King was the first of her British opponents to win Wimbledon, defeated semi-finalist Mrs. Evert-Lloyd.

Statement by Soames about technicians

By Philip Bassett

LORD SOAMES, the Lord President of the Council, said yesterday that the Government had made every effort to end the disputes with 70,000 scientists and technicians, who are taking selective strike action over pay. Lord Soames, the Minister in day-to-day charge of the Civil Service Department, said the Institution of Professional Civil Servants had been urged repeatedly to accept the pay offers or go to arbitration. His statement was made in a written answer in the House of Lords to a question by Earl Porteus. He said that for the 20,000 scientists there was a "dispute of principle" over only two of the offers. "We have offered the IPCS exactly what it has sought subject only to reaching a clear agreement that their offer should not be taken as a precedent." The scientists had been offered 20.93 per cent, though the union argued that conditions attached to the offer were unacceptable.

Lord Soames said the 40,000 technical staff and 10,000 related workers had been offered 13.22 per cent based on a pay comparability study calculated in the same way as those accepted by other unions. "The IPCS argues that its professional and technical members have traditionally received increases 11-20 per cent above the median figures from the comparability reports on which other unions have settled. Scientists and technicians began striking yesterday at Defence establishments, including the Polarix base on the Clyde, Royal Ordnance Factories at Glascoed and Manchester, and map-making establishments at Southampton and Feltham, Middlesex.

Hope of train settlement

INDUSTRIAL ACTION by train drivers which threatened iron and steel making at the British Steel Corporation's Ravenscraig works at Motherwell may be lifted today. Members of the Associated Society of Locomotive Engineers and Firemen (ASLEF) have been blacking ore shipments to Ravenscraig because of a dispute over British Rail's proposal to relocate three jobs. New proposals were accepted by drivers at Polmadie yesterday and those at Motherwell—the other depot affected—meet today.



# Petrol rationing ruled out as prices soar

BY IOR OWEN

INDUSTRY, COMMERCE and private motorists must prepare themselves to see oil and petrol prices in Britain rise to world levels, Mr. David Howell, the Energy Minister, warned in the Commons yesterday.

Mr. Howell also underlined the Government's determination to ensure that a higher price is obtained for North Sea oil, and ruled out the immediate introduction of rationing or special allocations for key industries.

Mr. Howell said that particular areas of shortage would be brought to the attention of suppliers. While Labour MPs accused him of "bombast", the Minister argued that the Government's approach to the world market was "not more effective than any of the alternatives they had advocated."

As for distribution, action taken by the Government should contribute to improved supply in the third quarter of the year, although he recognised some particular difficulties, especially in some areas, particularly for farmers and rural communities.

The UK Petroleum Industry Association has undertaken to handle the requirements of customers with problems in times of crisis, as flexibly and simply as supply constraints allow, particularly where the harvest and the weather impose sharp seasonal increases in agricultural fuel needs.

There has been no significant change in the way South Africa gets oil supplies under the aegis of BP, Mr. Howell told the Commons.

The proposal made by BP concerning "swap" arrangements with Conoco involving North Sea oil, had been put to the Labour Government. Labour Ministers had not said "Yes" and had not said "No", and BP had been left without an answer.

countries in Geneva would not be reaching Britain for four or five weeks.

"How can you justify such large increases?" he demanded amid Labour cheers. The powers available to the Government under the Price Commission Act should be used to prevent profiteering.

Mr. Owen contrasted the Minister's refusal to consider the introduction of an allocation system with the demand made last week by Mr. Edward du Canna, chairman of the Conservative backbench 1922 Committee, that the Government should declare a state of emergency to safeguard fuel supplies for agriculture.

Mr. Howell replied that oil prices had been rising very rapidly over recent months—30 per cent since the beginning of the year—if not officially through decisions by OPEC because of the premiums charged by individual members of that organisation.

The agreement reached in Geneva merely consolidated many of these increases. He claimed that the pricing policies pursued by the Labour Government had created shortages of oil which the present Government had helped to ease by the changes made during its first weeks of office.

These shortages would be recreated if the powers available under the Price Commission Act were to be used.

But where there was evidence of local monopoly abuse or profiteering, this should be referred to the Department of Trade. "It is my clear policy—and I believe it is the right policy—to allow the market price to find world levels, and that will ensure that supply and demand remain and that the British consumer will get a fair deal."

# Ministers set on benefits taxation

By Richard Evans, Lobby Editor

MINISTERS are still considering taxation of unemployment benefit and legislation to ensure that trade unions carry more of the cost of strikes.

There had been speculation that these issues were too sensitive to pursue, but some Ministers, including Mrs. Thatcher, remain convinced they are necessary reforms. Legislation may be introduced after the summer recess.

Timing depends on the outcome of a Cabinet argument over whether trade union-related legislation should be introduced during the winter when conflicts between the Government and the unions over pay seem likely.

Mr. James Prior, Employment Secretary is thought to be in favour of delay until the worst of the next pay round is over. But Mrs. Thatcher and other Ministers want legislation introduced before Christmas to ensure it reached the statute book during the first session.

Both the taxation of unemployment benefit and tighter legislation on strikers' benefit were part of the Conservative's manifesto proposals, and the unions have been warned to increase their reserves if they wish to finance strikes.

A scheme being considered in Whitehall would involve switching the payment of sickness benefit from the Department of Social Security to employers.

At present, an employee can draw sickness benefits after three days off work for up to 28 weeks.

# Joseph threatens to end Post Office monopoly

BY PHILIP RAWSTORNE

SIR KEITH JOSEPH, Secretary for Industry, yesterday threatened to break the Post Office monopoly for the delivery of letters if unions did not cooperate in improving the service.

In a Commons statement, Sir Keith said he had called for reports in the next six months on the practicality and implications of possible modifications of the monopoly.

The move was immediately condemned by Mr. John Silkin, Labour's industry spokesman, as "ungracious and mean-spirited."

Post Office morale would not be helped by such "ill-considered threats," he declared. But Sir Keith was warmly supported by many Tory backbenchers—Mr. Jack Bruce-Gardyne (Knaiford) said that public sector monopolies tended "to operate primarily for the benefit of those who work in them."

Sir Keith told MPs that the Post Office had a backlog of some 40m letters last week. Extensive work to reduce the backlog over the weekend had brought improvements but problems still remained, especially in London and the South-East.

Sir Keith said that special circumstances—industrial action, bad weather, staff shortages and letter bombs—had contributed to the difficulties.

But he added: "These problems have only confirmed that much needs to be done to improve the efficiency and productivity of the postal service."

"I have made this clear to the chairman of the Post Office—for whom I have great respect—Sir Keith said he had been particularly disappointed that the Post Office's offer of better



Sir Keith Joseph

management, to serve the public better, at less cost and without such long hours by improving productivity."

Mr. Charles Morris (Lab., Openshaw), a former member of the executive of the Post Office Workers' union, pointed out that there were 10,000 vacancies for postmen.

Low basic pay, long anti-social hours and a six-day week were major causes of the problems, he suggested.

Sir Keith repeated that many of the difficulties could be solved by negotiations to secure higher productivity.

Mr. Allan Roberts (Lab., Bootle) said that morale of postmen was being sapped by the kind of statement made by Sir Keith.

Many trade unionists felt that a wages confrontation was being encouraged by the Government to justify its policy of breaking the Post Office monopoly.

Sir Keith curtly rejected the idea. A Post Office pay offer had been turned down in spite of a recommendation from union leaders to accept it.

Proposals to use casual labour to help clear the backlog of mail had also been refused, he said.

Monopoly had its responsibilities and obligations as well as its privileges, Sir Keith declared.

Mr. John Page (C. Harrow West) said that Sir Keith's statement was "sensible and welcome."

And Mr. Ivan Lawrence (C. Burton), describing the recent crisis as the "last straw" after years of organisational chaos, said there would be "tremendous practical support for a full review of the Post Office monopoly."

# Speaker offers apology to Rooker

THE SPEAKER, Mr. George Thomas, yesterday apologised to Mr. Jeff Rooker (Lab., Perry Bar) the Opposition social services spokesman, for remarks he made on Friday concerning the conduct of a vote in the Commons on Thursday night.

He accepted that by holding up a notice advising his Labour colleagues to stay on the premises to take part in later votes, Mr. Rooker had in no way exceeded long established custom.

"I offer my apologies to Mr. Rooker in this matter," said Mr. Thomas.

The Speaker added that the Deputy Sergeant-at-Arms, who reported on the incident "had not seen the smaller writing on the notice, but merely the words 'stay here.'"

"Every Speaker must be prepared to accept responsibility for statements made by him from the chair, and I offer my apologies to Mr. Rooker for my statement in this matter," said Mr. Thomas.

Thursday's division was one of a series on a Private Bill giving extra powers to the West Midlands County Council.

# Coal stocks low

COAL STOCKS are significantly lower this year than at the same time last year.

Mr. John Moore, junior Energy Minister, told the Commons yesterday that total stocks at the pit head and at power stations stood at 27.4m tonnes in June compared with 31.3m tonnes in the same month last year.

# Insider dealing promise

By Our Parliamentary Staff

INSIDER DEALING will be dealt with in the new Companies Bill, Mr. Reginald Eyre, Trade Under-Secretary, told the Commons yesterday.

"I accept the need for legislation on this, and provided that the Government had found the difficult problems of definition."

Mr. Eyre said that the difficulty was not the principle of dealing with the problem, but of finding a precise definition of what constituted insider information.

THE GOVERNMENT was urged yesterday to cancel £4.5m aid towards the building of three cargo ships for Vietnam, Mr. Michael Grylls (C. Surrey NW) added. "It is not suitable for British taxpayers' money to be used as a gift for a Government which is behaving worse than Hitler did."

# Radio help line

FISHERMEN were urged in the Commons yesterday to make more use of the special open line radio channel set up in April to help boats in trouble. Trade Under-Secretary Norman Tebbit said that the open line, which enables vessels outside VHF range to keep in touch with the shore through the night, could save many lives. He hoped more fishermen would use it this winter.

# Parole review

THE GOVERNMENT is to publish an assessment of the workings of the parole system after its first 10 years, peers were told yesterday.

# National Liberation Army is banned

THE IRISH group believed responsible for the murder of Mr. Airey Neave at the House of Commons is to be banned throughout the United Kingdom, Northern Ireland Secretary Mr. Humphrey Atkins announced yesterday.

Membership of the Irish National Liberation Army will become a criminal offence. Mr. Atkins told the Commons he had already made an Order banning the organisation in Northern Ireland. The Home Secretary would bring forward legislation to extend the ban to the rest of Britain.

Mr. Atkins made his announcement during discussion of the continuation of direct rule in Northern Ireland, and of the special powers the Government exercises there.

He also disclosed that the Government was preparing to implement virtually all the proposals of the Bennett Report on RUC interrogation procedures.

Mr. Atkins warned MPs that statistics on security in the Province were not encouraging. "All the information I have been receiving about the operation of the terrorists is disquieting," he said.

"During the past two years, the IRA had been regrouping, retraining, re-equipping themselves and rethinking their future tactics."

The Northern Ireland Secretary admitted that direct rule from Westminster—which is opposed by Northern Ireland MPs of all parties—was only a "stop-gap."

But he replied to repeated calls for a political initiative in the province: "The initiative is already under way. The moves do not have to be eye-catching or dramatic." Talks with local politicians had already begun and would continue.

"My role is not that of a conjurer who can produce rabbits out of a hat. Solutions will only be found by and with

the people of Northern Ireland themselves."

He also defended the Government's economic record in Ulster. Replying in particular to former Northern Ireland Secretary Roy Mason's attack on the ending of the selective employment premium, he said the scheme had offered very little incentive to employers.

And he stressed that law and order spending was not affected by the Budget's £33m spending cuts for Ulster.

Mr. Atkins also implicitly rejected calls for the recall of troops from the province. "The defeat of organised terrorism calls for the strength, skills, and weaponry that only the Army can deploy," he said.

Mr. Atkins promised to give special attention to the areas on both sides of the border with the Republic. Improved co-ordination and co-operation between security forces in the Republic and Northern Ireland was essential.

It was crucial that the Government continued to provide resources for policing and the fight against terrorism. He had in mind the immediate advancement of the final stages of the police pay award.

Information obtained from intelligence was one of the main keys in penetrating terrorist organisations and activity. He was ready to sanction additional resources for such work.

Mr. Atkins stressed: "I do not in any way accept the sweeping allegations made in some quarters about the RUC's conduct of interrogations. 'The successful interrogation of suspects is a vital weapon for the armory of the security forces and I will not see it needlessly blunted.'"

The security situation in Ulster did not justify scrapping any of the provisions in the Government's emergency powers for the province, Mr. Atkins said.

# West leaves Unionist leadership

BY OUR BELFAST CORRESPONDENT

MR. HARRY WEST yesterday resigned from the leadership of the Official Unionist Party after weeks of speculation about his future brought about by his personal showing in the European elections.

The 62-year-old Co. Fermanagh farmer (left) is handing over to Mr. James Molyneux, leader of the Unionist MPs in the Commons, until a new party leader can be elected in the autumn.

His desire to stand down after five years at the helm was communicated to the party in a letter more than a week ago.

It followed evidence of waning support for the Official Unionists who lost two seats to the Rev. Ian Paisley's Democratic Unionist Party in the general election.

The Official Unionist Party now has several weeks to decide where it can challenge Mr. Paisley's increasing popularity.

The party's 1,000-strong council will meet in September to elect a successor to Mr. West, who became leader in 1974 after

the departure of the late Lord Faulkner, then Brian Faulkner. Mr. Molyneux and the Rev. Martin Smyth, head of the Orange Order, appear at present to be the only contenders for the leadership.

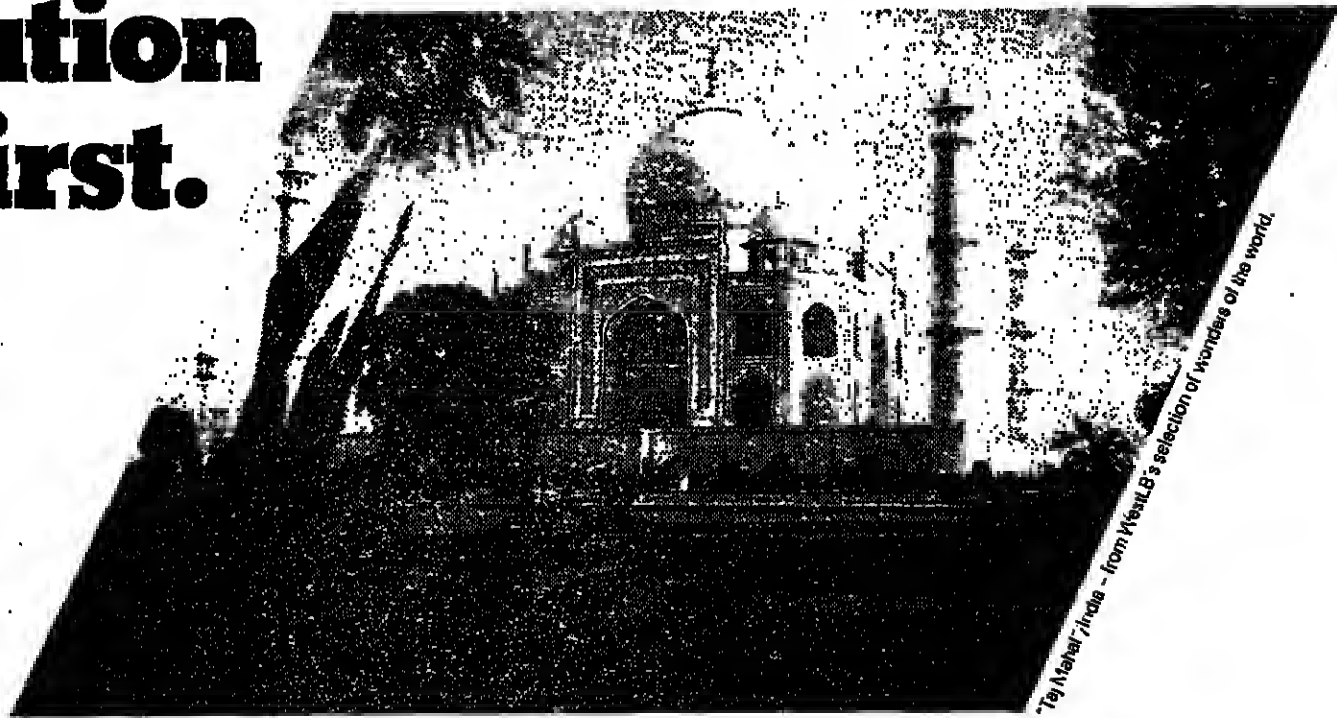
Mr. West has always protested that he accepted his position only out of a sense of duty at a time when talent was scarce.

It has become increasingly evident that he wanted to step down although the party executive asked him a week ago to reconsider.

He faced a rebellion from some party members after his defeat in last month's European elections when he polled fewer votes than his younger colleague, Mr. John Taylor.

Mr. West was an Agriculture Minister in the now defunct Stormont Government and held the marginal Fermanagh-South Tyrone seat at Westminster briefly between the two 1974 general elections. He was a member of the former Northern Ireland Assembly and later of the Constitutional Convention.

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# THE JOBS COLUMN

## Recruiters' ideas on what makes a manager

BY MICHAEL DIXON

WHAT do recruitment consultants look for when interviewing candidates for some particular kind of managerial job in a client-company?

Any reader murmuring answers such as "servile geniuses" or "the echo of their own prejudices" should be ashamed of being so cynical. It would surely be no more than reasonable, however, to suppose that different consultants have widely differing views about the type and relative importance of the attributes needed for success in a given managerial post.

No doubt numerous head-hunting concerns suspect that they suffer from such inconsistency. Certainly Boyden International did, and it lately decided to stop just worrying and to test the criteria used by its five dozen consultants in 29 offices in the United States, Britain and various other countries.

To carry out the test, Boyden engaged the Rohrer, Hilber, Repligie Institute of New York. In the first stage of the research, which started in April, the consultants were faced with 25 skills or other elements of managerial behaviour variously grouped into five main attributes. These were: (to translate from the peculiar language of psychosociologists which is apparently the native tongue of institutes such as RHR): the abilities to

communicate, to administer, to solve problems, and to influence other people, plus the quality of the manager's own "motivation."

Boyden's head-hunters were asked to consider each of these five, and then rank the different constituent skills or other elements in order of their importance to the attribute as a whole. Then they were asked to rank each of the five attributes according to their importance in seven kinds of managerial work.

The results of this two-step exercise, differentiating between the consultants working in the U.S. and those elsewhere—have just emerged from the institute. And thanks to Lord Birdwood of Boyden's London office, the Jobs Column can now disclose what he and his colleagues mainly look for when they are interviewing candidates for a job.

### Listening

When it came to judging the most important elements of a manager's ability to communicate, there was general agreement between the U.S.-based contingent and the group drawn from other countries. First was the skill of listening; second that of engaging in a dialogue as distinct from indulging in a monologue—when talking with another person or in a small group; third was the skill of

speaking one's ideas with poise, relevance, persuasiveness and clarity; last was the craft of writing effectively.

There was general agreement, too, on the ranking of the three constituent administrative abilities. The most important was planning and organising in advance of events. Next came delegation, and then the skill of following-up so as to check that instructions have been understood and executed.

The problem-solving attribute was subject to disagreement between the two contingents about what was the most important of the five elements. Those in the States thought it was "judgment"—reaches appropriate conclusions from available information, and gave second place to "problem analysis"—grasps the source, nature and key dimensions of a problem. The Boyden consultants elsewhere ranked these two the other way round.

Both groups were agreed, however, on the order of the remaining three elements. It was: decisiveness in making a choice from various possibilities; being innovative in tackling problems; and applying abstract reasoning so as to formulate general principles from observed occurrences.

No dissent emerged over the relative importance of the four constituent parts of the ability to influence other people. In top place came "leadership" which the institute described as

"directs the behaviour of others toward the achievement of common goals by charisma, insights or the assertion of will." Second was the skill of creating an impression of self-assurance and so commanding respect. This came the demonstration of sensitivity to the needs and feelings of other folk. The fourth was "assertiveness"—takes an aggressive, forceful approach."

The matter of a manager's personal motivation, which the researchers considered to have nine elements, brought the widest disparity between the two contingents of professional interviewers.

The Americans gave pride of place to the application of sustained and well-directed energy in the pursuit of managerial aims. But "drive" was placed only second by the multinational group.

The U.S. choice for second was determination that a task should be carried out to consistently high standards, which the other contingent thought of fourth importance.

Both groups were agreed on the third-ranking element. It was, famously expressed by Kipling: "If you can keep your head when all about you are losing theirs and blaming it on you." But the institute preferred the phrase: "functions in a controlled effective manner under stress."

Initiative, in the sense of readiness to be the first to start, came fourth in the States. Elsewhere it was viewed as the most important quality of all.

There was universal accord on the fifth and six places: perseverance, and adaptability. Seventh by the American reckoning came the willingness to take risks, followed by the self-reliance associated with acting on one's own judgment in spite of opposing expectations among other people and similar counter-influences. But here again, the consultants in other countries chose vice versa.

An active attitude towards one's own career, signified by the positive planning of personal advancement was placed last by both contingents.

### Seven jobs

They then ranked the five main attributes in their order of importance to the seven different kinds of management post. These were the results:

Top general manager—U.S. group: problem-solving, personal motivation, influencing people, communication, administration; Others: communication, problem-solving, motivation, influencing people, administration.

Finance manager—Both groups: problem-solving, admin, communication, motivation, influencing.

Marketing—Both groups: communication, motivation, problem-solving, influencing, admin.

Sales—U.S. group: motivation, communication, influencing, problem-solving, admin; Others: communication, motivation, influencing, problem-solving, admin.

Engineering and research—U.S. group: problem-solving, motivation, communication, influencing; Other group: problem-solving, motivation, communication, influencing, admin.

Manufacturing—Both groups: problem-solving, communication, influencing, admin, motivation.

Personnel and other staff work—Both groups: communication, influencing, admin, problem-solving, motivation.

So the outcome of Boyden's test, so far anyway, seems to refute the notion that different recruiters see the same kinds of job in widely differing ways. In the circumstances, the internationally scattered consultants showed a remarkable degree of consistency.

This is no guarantee that the 60 staff are right in their choice of criteria, of course. But if they aren't, they are at least all wrong in much the same way. And, in either case, the results could be of use to any readers who find themselves being considered for a job by Boyden International.

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Applicants should be qualified chartered or certified accountants with audit experience and preferably be under 35 years of age. They will be expected to assume responsibility for the audit of several Polygram companies in the Netherlands after some 12 months following initial appointment. Responsibilities include Management and Operational auditing as well as reporting on financial statements. The companies concerned are mainly located within the Western and Central parts of the Netherlands and within easy travelling distance from Baarn.

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Please send a full C.V. or phone for an application form to:

Alan Freemantle, Group Personnel Manager, Polygram Leisure Limited, 15 Saint George Street, LONDON W1A 2BR. Telephone: 01-499 3751.

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140 Grand Buildings, Trafalgar Square, London WC2.



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ● HANDLING

### Rising market hope

REFURBISHMENT of buildings has given hard-hit lift manufacturers a chance to regain some of the ground lost in the worldwide recession in the business. This recession has been aggravated by the swing away from high-rise to low-rise blocks and, so far as the UK is concerned, by the fact that some 60 per cent of this country's requirements are supplied either direct from European sources or through manufacturing operations to the UK controlled from Europe.

One of the UK's foremost manufacturers of lifts, Hammond and Champness, is fighting back by taking advantage of the latest technological developments and by aiming its marketing strategy at the move away from high-rise buildings and at the increasing need for making the best of existing buildings.

The company specialises in oil/hydraulic lifts and reckons it is the market leader in this type with a range covering direct-acting, side-acting, cantilevered and suspended applications together with small packaged units for old people's homes and twin-ram applications for hospital bed lifts.

The oil/hydraulic principle, it is claimed, can cover all requirements in low to medium-rise buildings designed as offices, high-quality flats and hotels. A special range of lifts is also being produced for use in areas where vandalism is a problem.

So far as research and development is concerned the

company considers itself among the leaders in the lift field. One of its most useful facilities is located at the parent company's works at Memphis, Tennessee, where a lift test tower 11 floors high is available. It can be used for testing up to four lifts at a time—from a simple type for low-rise buildings to the most sophisticated lift traveling at up to 1,000 ft per minute.

Hammond and Champness says that for the growing refurbishment business it has developed a unique capability for installing oil/hydraulic lifts in old buildings which have structures unsuitable for or are unable to bear the additional load which would be imposed by normal electric traction lifts. Lifts, often tailor-made, have already been installed in listed buildings without major structural alterations.

A fundamental part of the lift lift business is concerned with servicing and repairs and as Hammond and Champness does not have to depend on imported components and spares it claims to have advantages over many of its competitors. Servicing facilities are available from 17 branches spread around the UK.

The company expects to produce over 300 new lift units this year of which some 20 per cent will be for refurbished buildings. It has recently updated its "Lift Planners Handbook" and this can be obtained from its head office at 159-173 St. John Street, London EC1V 4JQ (01-253 9081).

## ● RESEARCH

### Photos down a gas well

PHOTOGRAPHIC team from Harwell has successfully taken pictures nearly 8,000 feet down inside an operational gas well under the North Sea.

Object was to find an unknown obstruction for Cococo and the camera used was based on a unit from Underwater and Marine Equipment of Farnborough. Three-and-a-half inches in diameter, it has its own illumination in the form of an integral ring flash inside the mild steel housing, with twin glass windows to separate imaging and illuminating fields.

Testing was first carried out at Harwell in methane gas at 3,800 psi and 80 degree C.

Although it was built specifically for this purpose, the team thinks it might be useful in other applications where photography is needed in restricted-size tubes or in conditions of high pressure and temperature—possibly in the chemical engineering field.

Enquiries to Mr. C. R. Arnold, Photographic Group, Building 354/11, Harwell, Oxfordshire OX11 0AR (0235 2141).

## ● MATERIALS

### Steel will hush the decibels

LAMINATED STEEL with noise transmission deadening properties up to 900 times better than that of conventional steel sheet, is available from a UK company, ex stock, in many grades.

Steelacoustic material can be cut, shaped, punched, deep-drawn, folded, welded, riveted and otherwise formed or joined in much the same way as ordinary sheet metals.

It has exceptional capacity to reduce both structure-borne and air-borne noise, and has application as raw material for panels, cabinets, guards, hoods, chutes—indeed any enclosure or structure for static or mobile equipment, where the generation of noise caused by impact or transmission must be minimised, or its containment is required.

Standard Steelacoustic is a

sandwich of cold-rolled, electro-galvanised mild steel with a visco-elastic core. Standard overall thicknesses available ex-stock are 0.8 mm, 1.2 mm, 2.3 mm and 3.3 mm. Other thicknesses up to 6.5 mm are on 6-8 week delivery.

In addition, the material can be supplied symmetrical (both facings the same thickness) or asymmetrical. Different face metals can be combined to suit special needs; for example work hardening stainless steel on one side and mild steel on the other.

It is normally supplied in sheets 1,000 x 2,000 mm or 1,250 x 2,500 mm, and priced by the square metre. The company will supply any quantity from a single sheet up.

Noise Control International is a young British company, and claims to be one of a very few specialising in all aspects of noise control, from investiga-

tion services through design and fabrication to installation in the soundproofing of plant and buildings. In addition to supplying the material, the company is able to advise on which particular grade of Steelacoustic to specify and, if required, on the design of structures for particular applications.

Mechanical properties of Steelacoustic, such as flexural rigidity and buckling strength, are generally comparable to those of two sheets of metal laid loosely one on the other: the tough but soft, "mobile" intermediate layer of thermoplastic is one of the vital elements in sound-deadening characteristics. But this does not add to the tensile or compressive strength of the panel.

Fatigue strength, however, is much higher than single or unbonded double sheets

because the thermoplastic layer makes the material much less prone to fatigue failure. During tests a conventional solid sheet fractured after 17 hours, whilst a Steelacoustic panel of comparable thickness subjected to the same tests took 21 days before failure.

Selection of the grade and thickness of Steelacoustic as a structural substitute for conventional single sheets is readily made, according to a well-proved formula; and the company will advise on this aspect. Similarly, though most traditional forming and joining methods can be applied to the material, the company will provide guidance on the best techniques for particular applications.

Noise Control International, Hutech Services, 38, Market Place, Chippenham, Wiltshire, SN14 5QJ.

## ● PACKAGING

### Labels are bound to stick on

NORPRINT is among the leaders of labelling systems in the UK for food, pharmaceutical, toiletry, cosmetic industries, etc.

It has just launched a fully-automatic, in-line or free-standing self-adhesive labelling system produced at Horncastle Road, Boston, Lincoln (0205 65161).

Two models are offered in the Lacerta range: the Twin and the Wrap-Round; both are designed automatically to label products with a combination of flat and curved surfaces, as well as items of regular shape. Labels can also be applied to products with projections, such as handles. Twin units can label both sides of a product simultaneously, and the wrap-round is suitable for applications needing labels either part or fully wrapped round the product. Printing facilities include batch-coding, date and price. Up to two lines can be printed.

The dry-print model, called Volantis, is a fully automatic self-adhesive label printer and applicator which can be incorporated into existing packaging/filling lines or supplied with a purpose-built conveyor.

Many different coloured foils are available and the system is expected to become popular in the food and pharmaceutical industries, says the company, where the print quality demands are very fastidious.

## ● ENERGY

### Heating and cooling costs cut

WHEN SWEDISH research engineer Carl Munter designed his heat recovery wheel in 1959 he little knew that 20 years later it would have an important role in energy saving in such diverse applications as a Doncaster bus garage, a Poole, Dorset, swimming pool and a Middle East hospital project.

However, these are but a few of the locations in which this device, called the Econvent, is now to be found and Acoustics and Envirometrics which is marketing it is preparing for a fresh surge of interest in this means of saving energy when ventilating, heating or cooling buildings.

Rotating wheel heat recovery units have been used for very many years in industry, but when Munter found that if the materials from which they were constructed were changed so that they were in part hygroscopic then the water vapour in the exhaust air would be absorbed by the heat exchange material of the wheel matrix, thereby giving up its latent heat for recovery.

As a result, the original heat recovery wheel's efficiency at the turn of the century of 30-35 per cent when applied to ventilation air heat recovery systems has been raised to 75 per cent and, claims Acoustics and Envirometrics, as high as 93 per cent for short periods under ideal conditions.

Main component of the Econvent, ventilation heat recovery unit is the rotating matrix. This is in the form of a wheel vary-

ing in diameter from under 600 mm to over 3.6 metres and 200-250 mm thick. It looks rather like the end of a large roll of corrugated cardboard, but the material is a fibrous type of asbestos paper. Flat and corrugated sheets of this material are cemented together alternately and rolled one upon the other to form a cylinder which then comprises a multitude of air passages between 1 and 1½ mm in diameter.

After construction the wheel is processed in a patented treatment to drive the crystal water from the asbestos and to replace it with a hardening desiccant salt, lithium chloride, to give the wheel a crisp biscuit-like texture.

The matrix wheel has a hard central core forming an axle which runs at either end in ball races which are housed in the chassis encompassing the wheel. Within the chassis, or adjacent to it in the case of small units, there is a small electric motor which drives the wheel's rotor at a maximum speed of ten rpm.

One of the more unusual applications for the Econvent, as hinted earlier, is at South Yorkshire Passenger Transport

Executive's Doncaster bus garage for which ten units have been ordered at a cost of over £41,000. These units will be used to keep heat in and diesel fumes out and will be capable of handling 120,000 cubic feet of diesel fume contaminated air a minute from the garage's extract ventilation system and transferring the heat to incoming fresh air.

At the Dolphin swimming pool at Poole, Dorset, a heat recovery system based on four Econvents has been installed and it is expected that the project will pay for itself within 18 months of start-up.

Third of the latest orders for Econvents has come from Saudi Arabia. This is worth over £51,000 and calls for a number of units for installation in a building in Dammam for the Health Training Institute of Saudi Arabia.

Purpose of these units, due for delivery in August, is to recover "coolth" from the air conditioning installation, and use it to reduce the energy needed to keep the building cool in the hot Saudi climate. Acoustics and Envirometrics has its headquarters at Ruxley Towers, Ruxley Lane, Claygate, Surrey KT10 0UF. (78-67281).

### Blocks cure themselves

SAVINGS OF about 45,000 gallons of fuel oil a year will result from the design of a new concrete block production unit by E. H. Bradley Building Products of Swindon.

Bradley's engineers designed the plant after visiting similar installations throughout Europe, but instead of following the normal practice of steam-curing the concrete blocks, the Bradley design conserves the heat naturally given off by chemical reaction when concrete cures, to produce equally high-strength solid concrete blocks at a rate of 175,000 a week. Elimination of the oil-fired steam production saves 45,000 gallons of fuel oil a year.

A 200-tonne-an-hour-capacity washing and screening plant has been constructed and there are new production facilities for Bradstone reconstructed, stone roofing slates and paving. Each of these units is now fully operational.

In designing the static block plant, the engineers selected sections of other package-deal plants to give optimum results in terms of product quality and economics. Raw materials are handled by a Winget low-level hitching and mixing plant capable of mixing 100 cubic yards an hour. This has been integrated with an MAS Bendorf blockmaking press which in turn is served by the Danish-made Harrup curing and stacking system modified by wracking and sheeting to provide self-curing in 24 hours.

E. H. Bradley on Swindon (0783) 28131.

## ● PROCESSES

### Colours the embossed characters

APPLICATION OF colour to the type of embossed characters on plastic cards is made easier by the Model 100 machine from Farrington Division of Dymo Business Systems.

Disposable foil cassettes are used which allow easy replacement without effort or mess. When used up the cassette is simply removed and thrown away or kept for audit purposes. In addition, use of foil in cassettes means that colours can be quickly changed.

Embossed cards are placed in the cassette and the unit is gently depressed for a couple of seconds while heat and pressure tip the characters and the foil is advanced ready for the next card.

Either A (CR80) or F (CR50) size cards can be typed and with minor adjustments thinner than normal cards can be dealt with.

The foil cassettes are supplied in packs of three in gold, black or white; each cassette gives 1,000 impressions. The company is at Bromwell Lane, Feltham, Middlesex TW13 7DY (01-751 6141).

### Reclaiming used oils

TYPICAL APPLICATION for unit type OTU2/150, developed by Alfa-Laval Company, Great West Road, Brentford, Middlesex (01-890 1231) is a surface where the oil spill off away can be cleaned and returned to the workshops, and any water or soluble oil present will be separated out and discharged.

Unit is designed to process batches of oil up to 150 gallons in volume and has a cycle time of about 34 to 4 hours, depend-

Wang's now recognised as the world's largest supplier of small business computers in North America and the largest worldwide supplier of screen based word processing systems. It is doing very well in the UK, too!

Telephone: Northwood 28212



ing on the degree of temperature elevation required. It must be stressed, however, says the company that the heating is to reduce the viscosity of the oil prior to centrifuging and in no way does the oil become sterilised.

### Mixers last longer

GREATLY increased life has been given to the range of Morton Machine's Multimax commercial mixing machines, especially when used for mixing abrasive materials. The entire end bearing can be dismantled and worn inner liners removed and replaced with only minor delays to production schedules.

Being a new option, a machine working with abrasive materials would normally last about two years. Now, only the liner and mixing elements need to be replaced and this can be done within a few hours at relatively small cost. The worn mixing parts can then be re-conditioned for further use. The liner is expendable and can be made in steel, glass fibre or rubber. Each machine in the new range is supplied with several sets of mixing plungers and spare liners. All can be fixed by operators without the need for extensive or specialist training.

Morton Machine, a Fedman Heenan International subsidiary, is at Atlantic Works, Wishaw, Lanarkshire ML2 0AD.

## ● COMMUNICATIONS

### Big panels for display

ABLE TO meet most marketing display requirements in exhibition areas within companies and in similar venues is a standard package of panel based on the Fleetbuild SB system able to provide a 14 metre run of display area.

Contents are six J-curve panels, four 1 metre wide flat

panels, two radius corner units, a 2 metre run of hardwood fencing and connectors. There is no gap between walls and floor and no framework or feet are needed to maintain rigidity.

More from Fleetbuild Panels (London), 71 Temple Chambers, Temple Avenue, London EC4Y 0HP (01-353 3918).

## ● TEXTILES

### Produces a neater join in fabrics

FOR YEARS the textile industry has been searching for an alternative to sewing and, even better, something that will eliminate the need for sewing threads.

It was proposed, when the first thermoplastic synthetic fibres were introduced, that possibly there could be some simple system of melting together or even "spot-welding" thermoplastic fabrics, but little progress was made with this concept as the roughness of melted edges was generally felt to be unacceptable.

A completely new system of both cutting and sealing such fabrics has been introduced by Dymo, 277 Tottenham Court Road, Western Avenue, London W1P 9JY. The system uses the Series 7010 ultrasonic cutting and sealing equipment. The idea is very simple. An "anvil" is placed beneath the fabrics to be trimmed or joined and a cutting-horn is positioned above the material. This vibrates at

ultrasonic speed and is able both to cut and join the materials. In earlier developments of this kind there was a problem of sawdust and heat causing damage to the circuitry of the equipment because of metal-metal contact, but Dawes claims that with the series 7010 this has been overcome.

The series is built in a range of three—450, 900 and 1400 W—to meet the needs of various types of weights of materials.

The system is simple and because it is cold there is no build-up of contaminants on either anvil or horn and the join between two materials is no thicker than the original fabrics.

Now used application for the new process is in trimming away carpet backings, cutting and sealing bra straps, seaming waterproof garments, the production of disposable protective clothing and a number of other possible end-use applications.

## ITALIMPIANTI

società italiana impianti p.a.

The following figures, in millions of U.S. dollars, are from the report on the balance sheet for the year ending December 31, 1978.

	Balance 1978	Balance 1977
CAPITAL	12.05	(11.48)
LEGAL AND EXTRAORDINARY RESERVES	15.67	(10.33)
NET PROFIT	9.04	(12.86)
TOTAL BILLING	644.00	(580.00)
WORK LOAD	2.338.00	(1,604.00)
NUMBER OF EMPLOYEES	1,775 =	(1,624) =
- Exchange (UICE rate) Italian Lire : \$	829.75	871.00

ITALIMPIANTI is the company of the IRI-Finsider Group which specializes in plant engineering. The company designs and constructs complete industrial plants, the several parts of which are composed utilizing the relevant specific technologies.

ITALIMPIANTI collaborates with other companies in the IRI-Finsider-Finmeccanica Group in order to develop marketing, production, research and new technology. In this manner, the maximum range of plant and relative services are available to the customer from within the group as a whole. The services provided include: Design, engineering and construction. Site supervision. Start-up and testing plus on-going assistance in the running of the plant after acceptance by the customer. Training and qualifying of new personnel for the plant. Solution of the financing, commercial, purchasing and organizational problems encountered with a new plant.

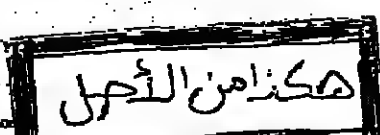
ITALIMPIANTI has an active role in many industrial sectors: the iron and steel industry, non-ferrous metals, ecological projects, cement factories, desalination plants, energy, shipyards, the car industry, mine engineering and industrial site planning.

ITALIMPIANTI has also extended its business organization to many countries overseas. Other than the following branch offices: Buenos Aires, Tehran, Mexico City, Kinshasa, and the Italimpianti-owned companies of Italimpianti do Brasil (Rio de Janeiro and São Paulo), Italimpianti Deutschland (Düsseldorf), Italimpianti of America, Inc. (New York), the following joint ventures are also formed: Iran International Engineering Co. (IRITEC) - Iran, Technicon - Impianti e Tecnologie Coniugate with the U.S.S.R., Egipalec - Egyptian Italian Engineering and Construction - Egypt.

### PLANTS CONSTRUCTED OR UNDER CONSTRUCTION 1978

- Iron and steel industry:
  - primary area and rolling mill area of the 3,000,000 lbs/year steel plant at Bandar Abbas, Iran,
  - 10.5 meter hearth diameter blast furnace, including the relevant raw materials storage yards, at Piombino, Italy,
  - 700,000 tons/year B.O.F. steelshop for Nixax (Hungary),
  - stackers and reclaimers for C.V.R.D. (Brazil), rebuilding of numbers 1 and 2 coke oven batteries for Italsider - Bagnoli (Italy),
  - direct reduction plant for IRFIRD at Piombino (Italy),
  - billet reheating walking beam and rotary hearth furnaces for various Italian companies; vertical continuous steel strip annealing furnace for the Italsider Oscar Spigaglia plant at Cornigliano; soaking pits for Arbed (Luxembourg); heat treatment car type furnaces for Vibasa (Brazil).

- Other sectors:
  - nuclear power plant at Cordoba (Argentina);
  - five car type furnaces and two soaking pits for Autoproimont (U.S.S.R.),
  - nickel ore handling machine in New Caledonia (French Overseas), extension to the cement factory for Cementar at Livorno (Italy), completion of the desalination plant at Taranto, four waste water treatment plants and one solid waste incineration plant in various locations in Italy.



Copies of the 1978 balance sheet are obtainable from: ITALIMPIANTI S.p.A. - Relazioni Esterne - Piazza Piccolotta, 9 - 16121 GENOVA, ITALY. Telephone 59981 - Telex 270238 - 270282 - 271390 - 271335 (ITMP)

### Heat solar unit

A new solar heating unit in the UK is introducing a new solar panel into the home market.

Commercial Solar Energy's Mark III panel, first produced six months ago for export, is the result of two years' work. It has one square metre of patented collector mounted in a weatherproof, extruded aluminium casing. This is insulated with both rigid polyurethane and glass fibre. The front cover is the Filon material

from British Industrial Plastics. Options available with the new panel are either double or single glazing and a quick-release front cover for cleaning and inspection.

This is a new design of panel which, suitable for many applications in Britain and abroad, is lighter, more durable, easier to install and maintain and costs less than the current model which it is replacing. K.B. Commercial Solar Energy, 1, Woodthorpe Road, Mapperley, Nottingham, (0602) 622847.

## ● INSTRUMENTS

### Two meters launched

MULTIMETERS have been introduced by both Farnell and Keithley for bench-top use.

The Farnell Instrument Model 169 has a 34 digit liquid crystal display with 0.6 inch characters and offers five functions which are selected together, with the range, by colour coded buttons. Measurements of ac and dc voltage and current, and resistance, can be made over 26 ranges with upper limits of 1,000 volts dc, 200 mA and 20 megohms. More from 1 Boulton Road, Reading, Berks RG2 0NL (0734 861287).

from Sandbeck Way, Weatherby, Yorkshire, LS22 4RD (0937 85541).

The Keithley Instruments Model 169 has a 34 digit liquid crystal display with 0.6 inch characters and offers five functions which are selected together, with the range, by colour coded buttons. Measurements of ac and dc voltage and current, and resistance, can be made over 26 ranges with upper limits of 1,000 volts dc, 200 mA and 20 megohms. More from 1 Boulton Road, Reading, Berks RG2 0NL (0734 861287).

### Inexpensive telemetry

PHYSICAL QUANTITIES can be interrogated individually or in groups, and the results measured on a locally available computer.

The company is willing to supply the equipment in part or in total. The controlling system is a micro-processor based system which can be used in a number of ways. It is already in use by the customer in a number of applications. The company is at 1724

via a 1724

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# Daimler



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See Technical Page of Financial Times 3rd and 4th July Tel: 01-908 2122

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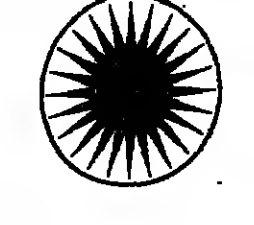
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The Company Secretary J. E. Beale Limited 36 Old Christchurch Road BOURNEMOUTH BH1 1LJ Tel: (0202) 22022

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CORRECTION NOTICE The following is an amendment to the advertisement which appeared in the Financial Times on June 20th, 1979.

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# Avoiding the pitfalls of modern planning

**THE ENVIRONMENT** within which companies now operate has never been broader, more complex and more rapidly changing. So planning for the future as the only way of even partially controlling that destiny has never been more necessary — nor more difficult.

The challenges are even broader than this series of articles has so far suggested. Not only do managers cope with all the uncertainties of inflation, economic growth, competition, technology and the rest, but whole industries can rapidly become outdated as their life cycles accelerate.

It is difficult enough for managers themselves to cope with this pace of change, let alone to take along with them the organisation's many other stakeholders — including shareholders, employees, or society.

The management's task is complicated further by the increasing pressure being exercised upon it by the other stakeholders, especially politicians and the bureaucracy, and all sorts of consumer groups (try and find environmentalists in a dictionary other than 10 years).

All this makes it especially necessary for a company's planning process — indeed, the whole formulation and execution of its corporate strategy — to be carried out in an efficient manner as possible. In particular, it underlines how rigorously the flow of data within a company must be controlled, so that it does not flood both suppliers and recipients, thereby bringing the system into disrepair and making it uneconomic and counter-productive.

This is by no means the only must for successful planning today. As the diagram shows, the data must be quantitative as well as qualitative (for example, assessing the likely re-



avoided) and risks to the profit and loss statement (which can be commercially justifiable).

Fourthly, its evaluation of alternatives gives management the ability to initiate more positively, and to react more rapidly, usually, the number of "surprises" is also reduced.

So much for the basic principles of planning. How should it be carried out?

No two companies can successfully operate exactly the same planning process and — as has been repeatedly emphasised in this series of articles — terminology is used in very different ways, which can often be more than confusing.

For the purpose of this article, corporate strategy is taken to embrace the overall activities of an organisation in defining its strategy and preparing and subsequently implementing its detailed plans.

tion currently available. These are then translated into short-term "goals" or "missions." The exact distinction between "long" and "short-term" will vary from industry to industry and company to company.

Then comes the process of choosing between the various ways in which the strategy could be translated into practice. Quantified plans, again ranging over different periods, though this time including the very short term, are prepared to translate the strategy into intelligible operating language. In some companies, this part of the process is broken down into what is called Tactical and Operational Planning, in others as in the graph — it is given the title of Corporate Planning. In others again it is sometimes used to describe the entire process of planning within a company.

Finally comes the implementation of the plans, and their subsequent monitoring. Again, it must be emphasised, as in the diagram, that these stages are not separate but iterative.

The diagram illustrates the parts of the organisation which have a particular key role in the planning process and its implementation.

The central function of the chief executive is to formulate and implement the strategy which ensures long-term survival through profit and cash generation. Implicit in this central role are:

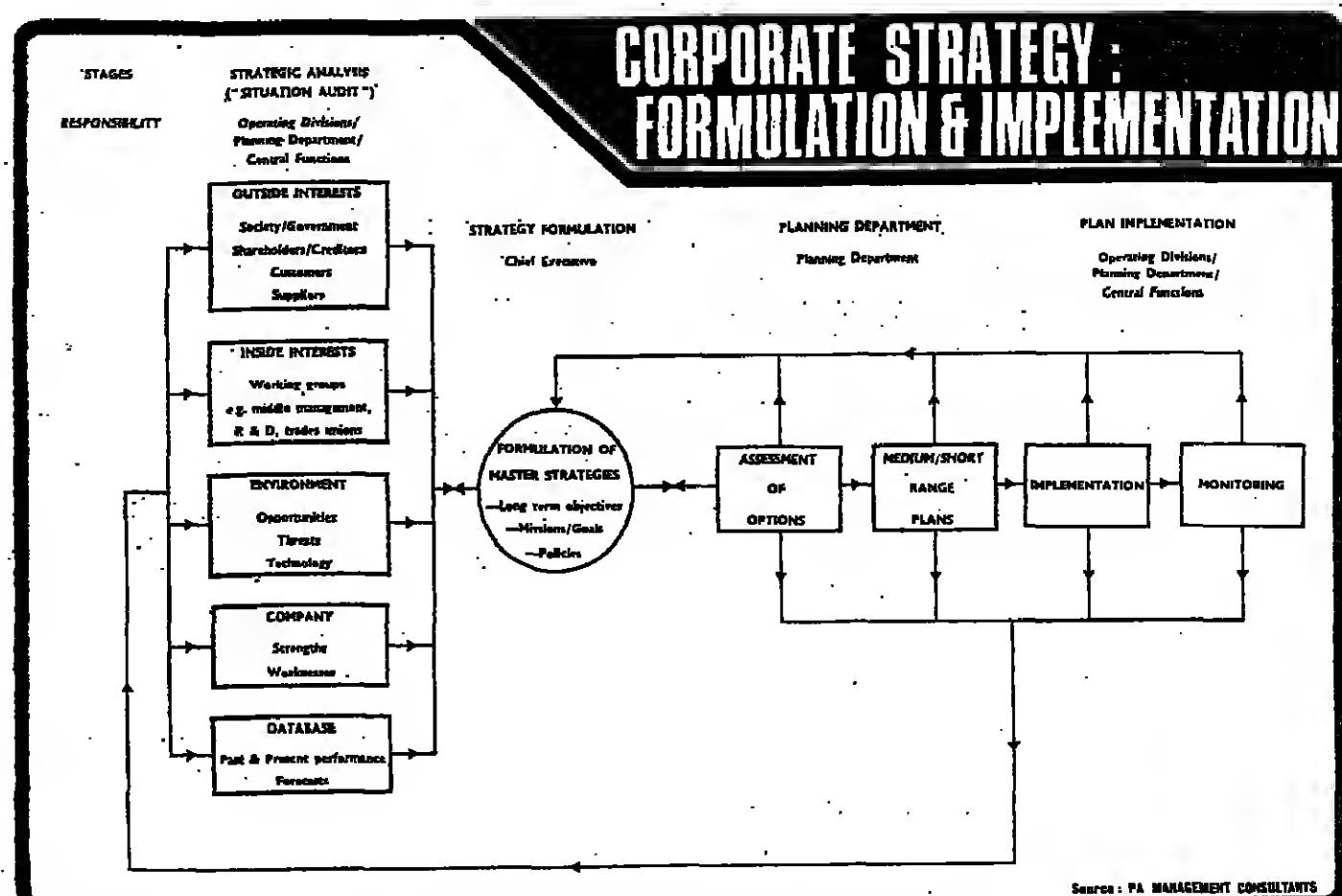
- defining the organisational framework within which the planning function operates
- taking a "broad view" of the environment, and ensuring that the strategic analysis (or situations audits) covers the factors of critical importance
- maintaining the balance between short and long-term results
- ensuring that the best creative talent in the organisation is available and directed to evaluate future issues of importance

## Iterative

The diagram breaks the formulation and execution of corporate strategy into four parts, though it must be stressed that the process is highly iterative, and that more than one stage may proceed in parallel.

First, what might be called the strategic analysis, or situation audit, by which a company conducts a disciplined analysis of those internal and external factors which may affect its future activities. This includes such internal questions as the company's balance of businesses with different characteristics; cash generating, cash consuming, and so on (which is where such techniques as "portfolio analysis" and "gap analysis" can be used). Frequently of greater importance is its external posture, for example the relevance of its products or the fragility of its markets.

The next phase is the formulation, or determination, of the long-term objectives that are appropriate given the informa-



- displaying visibly his commitment to planning
- providing the entrepreneurial dynamic to overcome bureaucracy
- building this "dynamic" into the planning operation by successfully motivating everyone concerned
- act as a catalyst in obtaining creative input from the operating divisions or central functions
- forge planning links across organisational divisions, for example R and D and marketing
- evaluate alternative plans that reflect the chief executive's formulated strategy
- monitor the selected plans

The Operating Divisions may be subsidiary companies, geographical entities or product divisions. Depending on the size of the company, in each case their roles in the planning process are similar; in a small organisation it may rest with one man reporting verbally, while a large division may prepare its own business plan.

Business plans are prepared normally by the operating divisions or other subsidiary units of the division or unit itself.

The relationship between these plans and the organisation's overall plan is crucial — partly because they usually contain a bid for additional resources and partly because this link is the essential double-check on the division's optimism and the validity of its forecasts for its own products.

The allocation of resources (money or people) is enhanced if business plans can be objectively reviewed during the preparation of the overall plan and, even more, if the relationship

between the central planning department and the divisions eliminates the extreme 'bottom-up' or 'top-down' planning approach — both equally damaging.

An effective relationship ensures a proper input to the corporation's overall plan — for the only parts of the organisation that can provide detailed information on customers, working groups or technology are the relevant operating divisions.

Central functions such as finance, marketing and research and development can, given sensible terms of reference, materially assist with the central planning department both by providing initial input and by monitoring plan implementation.

The importance of an easy dialogue between the central planning department and other parts of the organisation cannot be overstressed. Without it, planning invariably loses touch with the realities of the organi-

sation and becomes mechanistic and ultimately discredited.

The lack of a planning process of the sort described in this article makes it:

- difficult for an organisation to select the most suitable directions for its future activities;
- even more difficult to harness the energies of its management teams in the chosen directions;
- and virtually impossible to absorb change fast enough.

In our present environment an organisation without formalised corporate planning is deliberately putting its long term survival at risk.

## Derek Wynne-Jones

Derek Wynne-Jones is Head of the Planning and Strategy Division of PA Management Consultants.

This is the fifth article of a series on planning. The first two appeared last Wednesday, June 27, the others last Friday, June 29. The next batch of articles will deal largely with specific planning levels.

### Who says you have no business in Monte Carlo?

There's a new landmark on the world business scene — the lavishly renovated Beach Plaza Hotel, which now dominates the Monte Carlo seafront. Near the heart of Monte Carlo's commercial centre, the Beach Plaza meets the highest standards of cosmopolitan elegance, as you would expect from a first-class hotel.

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## EXECUTIVE HEALTH

# Fighting the good fight against allergies

BY DR. DAVID CARRICK

WHAT IS known about allergies — that strange collection of disorders occasioned by certain foods, pollens, dusts, medicines, surface agents, some bacteria and so on — which manifest themselves in specific or amorphous ways in a minority of men?

Honest doctors and pharmacologists will frankly admit that we possess but a scintilla of comprehension; but one thing is certainly accepted, and that is that these strange maladies fall into several fairly well defined categories — conclusions arrived at by working backwards, by considering and interpreting causes from results.

Thus it is known that allergic reactions of a specific nature may be caused by inhalation by surface contact; by ingestion of natural substances or those made by man; by contact with pure substances or materials, or by man-made objects such as cosmetics; by injection of medicaments made by man; or by stinging or biting creatures. The list is practically endless.

At this particular time of year in Britain, when many grasses and trees are scattering their pollen in profusion, the particular allergy related to pollen — mistakenly known as "hay fever" — must take priority, for there are so many unfortunate sufferers, sneezing and wiping their sore eyes, having their

work grossly impeded and their leisure hours devoted to miserable moping in air-proof rooms instead of capering happily in the rain.

There are four major methods of attack, divided into preventive means and suppression of symptoms. Further subdivisions occur, but I will try to make matters as uncluttered as possible.

**Prevention**

In the first division of this campaign come the specific desensitising concoctions, in which special preparations of a mixture of minute quantities of allergens that have been found to be poison to an individual, are injected. These are administered at regular intervals, in increasing proportion, over a number of weeks, four or five months before the danger season in order that the body's tolerance is increased. Providing that preliminary sensitivity tests have been adequate and accurate, this method is very effective, though expensive and rather tedious to jabber and jabber.

Then there are the somewhat shotgun measures in which extracts of the most common allergens are employed. These can be administered later — within a month or two of Pollen-Day — and involve fewer

injections. Sometimes the results are most gratifying. Not infrequently, however, a disgruntled sufferer from "hay fever" may well consider that he has been the victim of a sadistic joke since the injections have no effect whatsoever. Both of these regimens have to be repeated annually.

**Combative Methods**

1.—Certain sprays and nose drops are sometimes very useful in coping with cases where noses give particular trouble. Some of these medicaments contain surface-acting anti-histamine agents; while others, mainly based on ephedrine and variants of that drug, act by constricting superficial blood vessels and, therefore, cause a reduction in swollen mucous membranes and the excessive secretion arising therefrom. About 16 varieties are available.

2.—Oral preparations containing anti-histamine drugs may be used in short-acting forms, others act over 12 hours. These preparations are usually administered in specially coated granules timed to dissolve during the various phases of digestion. At least 20 different types are obtainable on prescription.

3.—For severe attacks, and particularly those in which an allergic asthma is present or

feared, certain synthetic steroid preparations produce rapid, if temporary, relief.

For several reasons (not least being that, in January, the hay fever season seems a long way away) the "combative" methods (number two in particular) are the most widely used. But one man's successful anti-histamine preparation is another man's sporific.

Pharmacologists, a bappy, blinkered race, seem to think that all humans are exactly alike and will respond stereotypically to their pet product. Alas, not only do people react in very different ways to each other, the same person may differ from himself now and then. Thus, the wretched doctor has to trust in trial and error. Drug A may be very effective but causes drowsiness.

Drug B may do the opposite. Drug C may do neither but is obviously useless. One of the other drugs in this alphabet may be the perfect answer for the individual patient. Fortunately, with so many to work through by the time the half-way mark is reached, the patient may be symptom-free, perhaps because the troublesome pollen has passed peacefully into posterity for another year.

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Remember, the RNLI is entirely supported by voluntary contributions and we desperately need to buy more lifeboats which are now costing over £250,000 each.

For more information contact: The Director, RNLI, West Quay Rd., Poole, Dorset BH15 1HZ.

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THE ARTS

Television

Still photos

by CHRIS DUNKLEY

The series with which television still photography has always been associated...

Yet the series does seem to be improving as it proceeds and it does benefit greatly from Macdonald's powerful combination of curiosity and scepticism...



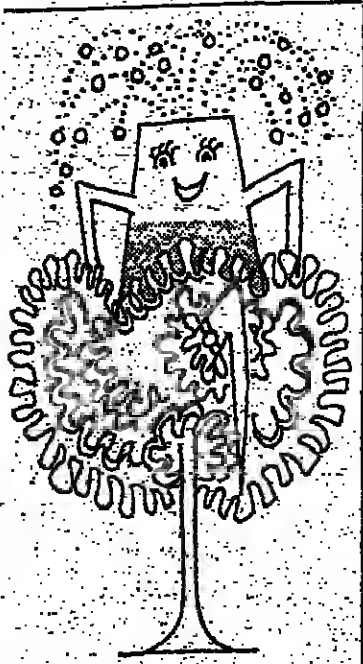
The Kodak 'Brownie' that could be worked by 'man, woman or child' - an early example of its use featured in 'Camera'.

Covent Garden

José Carreras by RONALD CRICHTON

Carreras is one of the top opera singers of the day and one of the best—a lyric tenor with a voice of great natural beauty...

have drawn a large, appreciative audience on Sunday night for his first recital at Covent Garden.



Heidsieck Dry Monopole: The Champagne with all the sparkle and fragrance of France.

What else is there to say? These celebrity concerts do differ greatly from one another.

Carreras sang some Handel fluently and three oratorios of Bellini in a way that made one realise that they are not less than the lesser efforts of the great Germans.

Waddington Galleries

Patrick Caulfield and others

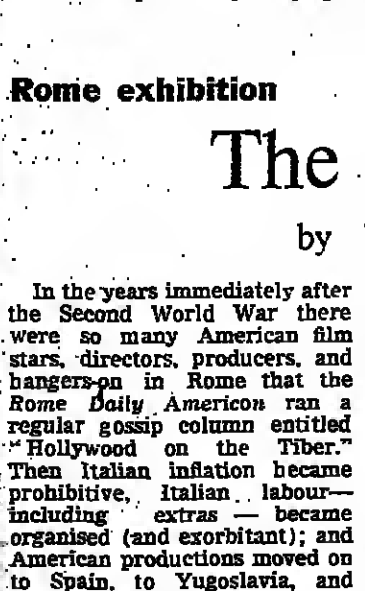
by WILLIAM PACKER

Patrick Caulfield is one among a fair number of figurative painters who, having emerged into some sort of reputation in those so exciting early Sixties, has continued to do very nicely...

But it is worth remarking in connection with Caulfields, for no better reason than that he is showing at the moment (at Waddington Galleries until July 28) that his career, along with those of his peers, demonstrates that there never was, and is not now, a general threat to representation in this country alone...

And how wonderfully clear those answers were! With deep sympathy, but no false sentimentality, Berger talked about 'peasant feeling for the land, for animals, for climate, for words, for ideas, and never once did he even begin to slip into the jargon of sociology lecturers...

Pig Earth proved again that Berger is one of the precious few geniuses to have turned up on television, and someone should persuade him to work in the medium more often.



Office Party 1977

Rome exhibition

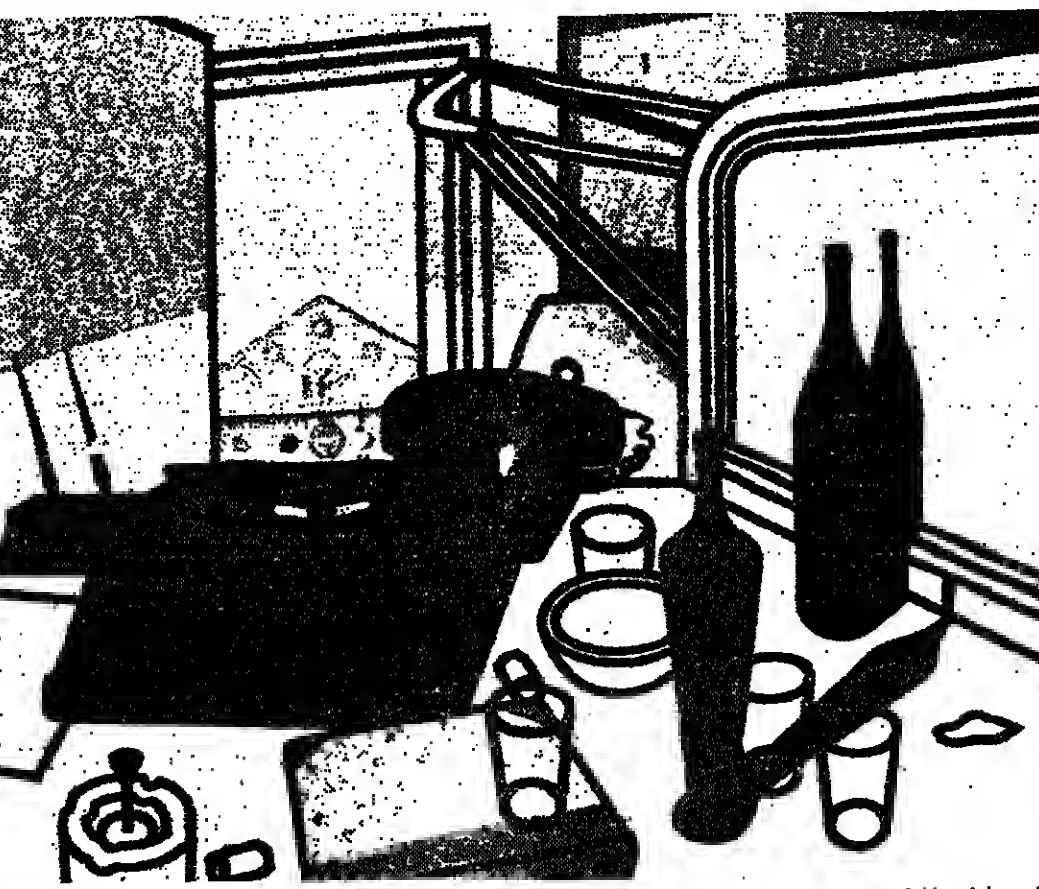
The City of Cinema by WILLIAM WEAVER

In the years immediately after the Second World War there were so many American film stars, directors, producers, and hangers-on in Rome that the Rome Daily American ran a regular gossip column entitled 'Hollywood on the Tiber'.

That brief, glittering period is documented in a fascinating exhibition currently installed in Rome's vast Palazzo delle Esposizioni in Via Nazionale.

The review of the occasion in the Messaggero concluded: 'The victory was such... as to allow one to predict that the Cines (producers) tomorrow will be able to fill the vast cinema field with many works of art.'

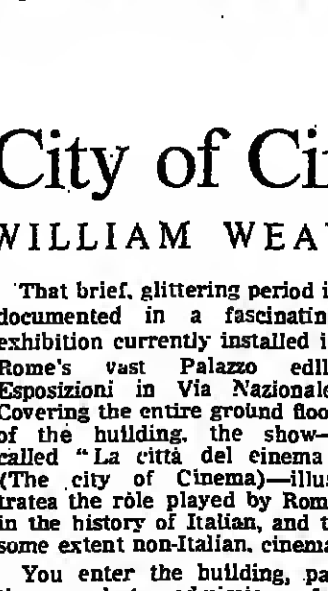
Not all the films made in the 1930s and early 1940s were works of art, but many of them were artistic, and the Rome show attaches due importance to the activity of art directors at that time, architects like Guido Fiorini, Antonio Valente (who designed the buildings and the interiors of Cinecittà, Rome's Government-sponsored studio), and the Futurist Virgilio Marchi.



Office Party 1977

Most interestingly of all, Caulfield has continued the more he made with his last show back to the trompe-l'oeil illusion, evidently based on photographic references and deployed as it were a collage element in the design, and a selective interest in the quality of the paint itself.

And so these are transitional paintings, unsurprising, carrying all the marks of the familiar band, the simple, confident black line, flat pattern against flat colour, and all describing the ordinary impediments of daily life in office or kitchen; but several things have begun to happen. The imagery itself is now denser and more complex, crowding up in certain cases to the picture-plane; the objects shown are presented less for their own sakes than for the pictorial space they inhabit and inform; and the paintings themselves are, with one exception, smaller than we might have expected, and rather awkward.



Office Party 1977

Sabbatical for Stuart Burge

As from August 1 Stuart Burge will take sabbatical leave from the Royal Court Theatre and will direct D. H. Lawrence's Sons and Lovers for ATV in a version for television by Trevor Griffiths.

Festival Hall

Babi Yar

by NICHOLAS KENYON

The full resources of the symphony orchestra are more convincingly marshalled in the support of the State than in criticism of it. Patriotism sounds better in the form of a massive tutti than does protest.

Yet in this century there have been some attempts to criticise established regimes in both East and West, through the medium of large-scale musical works. There is no more powerful and bitter work among this small group than Shostakovich's Thirteenth Symphony, which sets texts by the Soviet poet Yevushenko.

Shostakovich maintained (and Yevushenko maintains) an uneasy relationship with the Soviet Government: Krushchev criticised this symphony even before it had been performed, the poems were not printed in the programme at the premiere, in December 1962, a subsequent performance was discreetly cancelled, and only a couple more hearings have been provided in Russia.

Elizabeth Hall London Chorale by DAVID MURRAY

Everything in the London Chorale concert on Saturday was admirably prepared, and wondrously rendered under Roy Wales' direction. I assume that the English Concert Orchestra who appeared with them are a fairly ad hoc assemblage, but they began the evening with a most delicately turned 'Fingal's Cave' Overture, its tunes in woodwind-octaves sounding deep and plaintive.

Impeccable—always unharried but never sentimentally drawn out—and he knew how to touch the small, inspired harmonic surprises in the score without bending the line unduly. The baritone Roderick Earle was a model soloist, conveying virility without religious mannerisms nor unstylish militancy; all his declamation was broached the limits of the essential Fauré pudour.

Population Concern 27-35 Mortimer Street London W1N 7RJ

London Chorale

by DAVID MURRAY

Inspired by a chapter of the 1623 'Hakluytus Postumus or Purchase his Pilgrimes' which recounts the enforced Arctic winter spent by William Barents' crew, seeking a North-East Passage, when their ship was caught and crushed by ice near Novaya Zemlya.

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Advertisement for Population Concern, featuring a woman's portrait and text about family planning and population growth.

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The sterling dilemma

TWO EVENTS yesterday underline the growing urgency of the new sterling dilemma...

Temporary The basic causes of this performance are three. At bottom the rising comparative advantage of possessing North Sea oil...

Cautious In fact, of course, such inflation is still strongly inhibited by exchange controls left over from the days of sterling's near-collapse...

Experience suggests that intervention matched by extra funding—as is necessary to preserve monetary control—has little effect on exchange rates...

A challenge for the Post Office

JUST AS the Post Office was revealing yesterday that the millions of unsorted letters that have accumulated over the past month of postal disruption are at last being cleared...

Post service An analysis of the causes of the postal service's poor performance may help the unions and management...

Quagmire The moderates in the UPW may still be interested in raising productivity, in exchange for better wages and working conditions...

Eastern bloc energy under pressure

The looming Soviet factor in the world oil equation

BY ANTHONY ROBINSON, EAST EUROPE CORRESPONDENT

A KEY factor in the world energy equation was conspicuous by its absence at both last week's energy summits in Geneva and Tokyo...

But Comecon also faces an energy squeeze in the 1980s and Comecon's own energy summit in Moscow last week drew roughly the same conclusions as the West about the need to push ahead at full speed with an accelerated nuclear energy programme...

Annual Soviet oil output is currently in excess of 11m barrels daily—as against 8 1/2m for Saudi Arabia. Some 3m barrels of this oil is exported, split roughly 55/45 between Comecon and western or hard currency markets...

Over the last decade the annual rate of increase in oil production has been halved from 8 per cent to around 4 per cent. This reflects the fact that production from the relatively shallow and accessible oil fields in the Caspian and Urals-Volga regions has been steadily declining...

According to Soviet estimates, 45 per cent of world gas reserves, 57 per cent of world coal reserves and probably a third if not more of world oil reserves belong to the Soviet Union...

Men and matters

Lobbing a chip into the office

The axe over the heads of the Quangos is rumoured to be swinging near the ears of the Location of Offices Bureau...

This is a topic from which most people involved with "chips" shy hurriedly away. Optimists point out that in places like Houston, where the silicon revolution began...

Showing off

There are parties and there are art world parties. Most galleries hope to sell a high percentage of pictures on offer at special preview exhibitions...

are being forced to diversify their oil import sources as a result of Soviet reluctance to increase Soviet oil sales to them in the 1980s.

The Soviet Union currently exports around 50m tons annually to its Comecon partners but has made clear that in future only gas and electricity supplies will be guaranteed to rise in quantity.

But oil and gas exports account for nearly 50 per cent of total Soviet hard currency export receipts. Last year hard currency oil exports alone were worth 3,570m roubles, around \$5.5bn.

Instead, five huge 4,000 mw power stations will be built on the site of the open-cast mines at Ekibastuz and the bulk of the 20,000 mw which will be generated there by the turn of the century will be transported 2,500 kilometres by a special 1,500 kv line—provided extensive research into high voltage line makes this a feasible proposition.

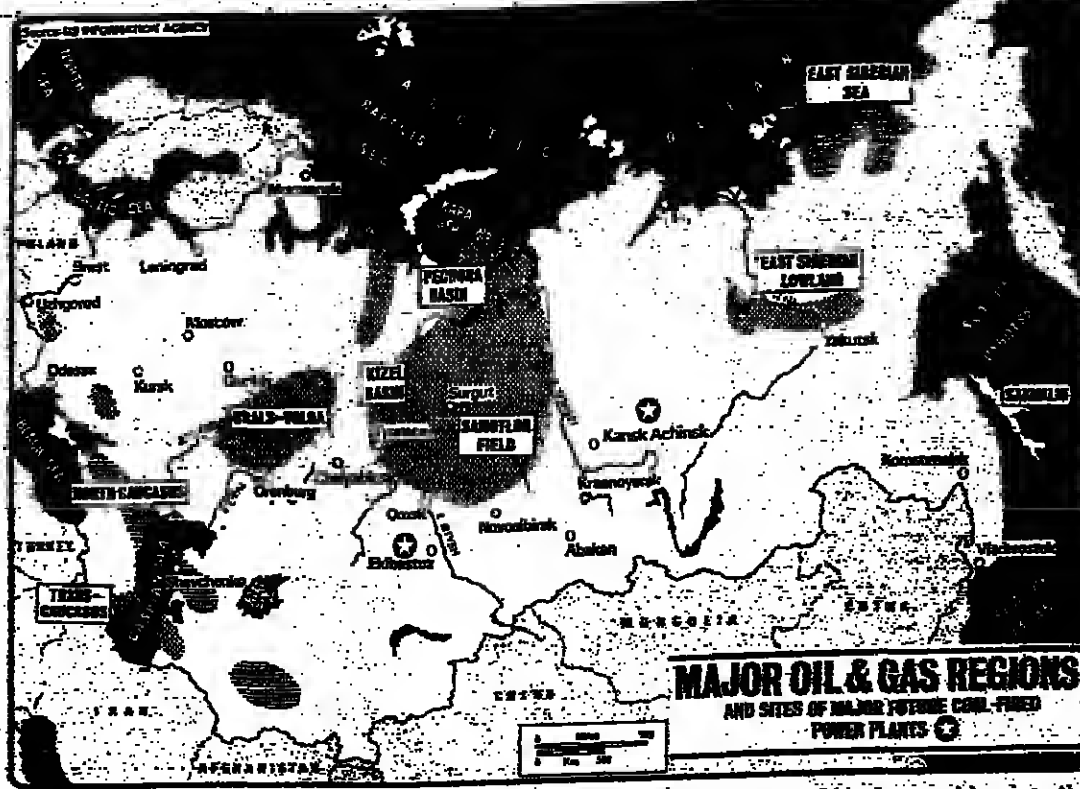
Limiting oil and gas The emphasis on coal, hydro and nuclear sources for electricity generation is one of the principal lines of Soviet energy strategy. The aim is to limit oil and gas usage to transport, industrial processing and as a chemical industry feedstock.

Pets on the menu

By now perhaps a little dog-eared, there is somewhere in the desk of Peter Walker, the new Secretary for Agriculture, a letter addressed to his predecessor John Silkin on the subject of rabbits.

Arts, on hand to ensure that the finest paintings, a quartet of the Seasons by Burne-Jones, should not leave the country. He was lucky. As yet—anonymous national gallery is putting up the £250,000 that Miles asked for them.

Emotion at Euston This morning there will be an emotional ceremony in a dilapidated house near Euston Station. The liberator, Francisco de Miranda, will be returning to London in honour. Ambassadors of the Latin American States will pay tribute to Venezuela's national hero...



quote oil is being delivered against payment in hard currency or the equivalent in export quality food or industrial goods.

The higher international oil prices which have benefited the balance of payments of the Soviet Union have led to serious problems for Eastern Europe. Since 1975 the Soviet Union has been charging its East European partners at a rate based on the average international price of oil over the preceding five years.

Recent Soviet hydrocarbon discoveries have turned up far larger quantities of gas than oil. This has obliged the Soviets to take a tough line with their Comecon partners on future oil deliveries, only partially sweetened by the willingness to supply more gas and electricity.

Meanwhile, it is becoming increasingly clear that exploiting the full potential of Soviet oil, gas, coal and other raw materials is beyond the resources of the Soviet Union and its Comecon allies alone.

The Soviets firmly believe that as the energy crisis deepens and energy prices continue to rise, the attractiveness of such schemes is bound to increase.

The partners of Whitney Murray & Co and Turquand Barton Mayhew & Co are now practising in the name of Ernst & Whinney

The old revolutionary will only be present in spirit, of course. It was in 1810 that Miranda and Simon Bolivar plotted in the house at 58 Grafton Way. But Juan Sucre-Trias, Venezuelan ambassador in London, is determined that Miranda's name will never again be forgotten in the capital that gave him refuge.

Ernst & Whinney logo and list of branches: Aberdeen, Leeds, Belfast, Leicester, Birmingham, Lough, Bristol, Liverpool, Cardiff, London, Cuxhaven, Eton, Darlington, Newcastle, Edinburgh, Newcastle, Exeter, Norwich, Glasgow, Scunthorpe, Huddersfield, Sheffield, Hull, Southampton, Inverness, Southam, Kilmac, Torquay.

Observer



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# FINANCIAL TIMES SURVEY

Tuesday July 3 1979

# ACCOUNTANCY

The difficulties of finding agreement on setting accounting standards have again become controversial in the past year since the publication of the Watts Report, a consultative document. Meanwhile, the accounting bodies and large accounting firms believe that there is not much point in setting standards if there is no mechanism to enforce them.

## Industry lobby groups emerge

By Michael Lafferty

A LARGE part of the past year's British accounting has been taken up with discussions about the Watts Report, a consultative document titled "Setting Accounting Standards" which considers whether present standard-setting procedures might be improved. The document itself was published almost a decade after the accounting bodies took upon themselves the task of "narrowing the areas of difference and variety in accounting practice" through the publication of accounting standards.

Standards Committee prior to its retirement. Under the present system accounting standards emerge from the Accounting Standards Committee (ASC), a body composed entirely of representatives of the main accounting bodies. ASC is controlled by the English Institute, which accounts for 12 of the 23 members. In terms of interest the committee is dominated by auditors and accountants in industry—each with 10 representatives. In addition, there is one accounting academic, one Government representative and only one representative of users of accounts.

Up to now, and probably for the foreseeable future, ASC has tackled subjects on an ad hoc and pragmatic basis, depending on whatever seems to be most important at the time. There is no fundamental accounting conceptual framework guiding standard-setting, beyond the general historic cost convention which is the basis of accounting in virtually all countries of the world.

It was probably inevitable that the standard-setting exercise would run into trouble. Indeed, it seems somewhat remarkable that the accounting bodies were able nine years ago to step into an area which had hitherto functioned without rules in order to lay down the law. It could be said, however, that there was little to object to in the first few years, since proposals and standards seemed either eminently sensible or favourable in their effect on reported profits. In addition, the government of the time had made it quite clear, in the aftermath of affairs such as Pergamon Press and GEC/AEI, that

it wanted the profession to put its house in order. Serious controversy and opposition from industry to a standard first emerged with the draft standard on research and development. ASC had wanted to require all such expenditure to be written off as it was incurred, but in the end had to settle for a standard that said capitalisation of certain development expenditure was permissible under what were said to be restrictive circumstances.

## Results

The next confrontation with industry came when ASC's standard on tax accounting started to produce unacceptable results in company accounts. The standard, entirely in line with the historic cost convention, said that companies should make full provision for tax liabilities, regardless of whether the tax liability was deferred by government incentives such as stock appreciation relief and 100 per cent capital allowances. This soon meant, however, that companies were building up vast deferred tax balances in their accounts—amounts which, it seemed, might never have to be paid to the Revenue. Industry wanted a tax standard that was more realistic—and it got it when ASC took the unprecedented step of suspending its previous ruling on the area. Further confrontation between ASC and industry groups erupted a year or so ago when property companies realised that the standard, SSAB 12, dealing with depreciation of fixed assets, might wipe out reported profit figures. While ASC was entirely in line with historic cost accounting in drafting this standard, it is also arguable

that the convention is not appropriate for companies whose activities have more to do with valuations than costs.

The property company affair was one of the most humiliating for the standards committee, since it resulted in the English Institute of Chartered Accountants refusing to endorse the standard. ASC had no option but to exempt the property industry for a face-saving 12 months. This has now become all but a permanent exemption.

One of the features of all these battles was the increasing emergence of industry lobby groups whose objectives were to ensure that accounting standards and proposals were not too objectionable as far as companies, the preparers of accounts, were concerned. One such organisation is the Midlands Industry Finance Directors Group, whose chairman is Mr. Paddy Custis, finance director of GKN. Mr. Custis, incidentally, recently refused a guaranteed seat on ASC because he believed he would face a conflict of interest.

Other industry pressure groups include the Scottish Finance Directors Group, the Nationalised Industries Finance Directors Group, and the Hundred Group, a London-based body which claims to include chief financial officers (all of whom must be chartered accountants) from the largest businesses in the country.

The Watts Committee's work has to be seen in the light of all these developments. The report concluded that there was a need for accounting standards, made a number of uncontroversial recommendations and suggested the possibility of the Stock Exchange, or the Council

for the Securities Industry, the new City self-regulatory body, taking a more active role in enforcing standards should be explored. This latter tentative proposal has since developed into an unusual public controversy with top accounting firms criticising the Stock Exchange for its shortcomings and Exchange officials being none too complimentary to the accounting firms.

## Weakness

The accounting bodies and the large accounting firms appear to have come to the view that the whole standard-setting exercise suffers from a major weakness so long as there exists no mechanism for enforcing standards on companies. Until now quoted companies have simply been persuaded to apply standards because most finance directors, like auditors, are qualified (generally chartered) accountants. Failure to observe standards would normally lead to a qualified audit report, and there was always thought to be the possibility that the powers that be in the profession might bring pressure to bear. There was also a statement in the Stock Exchange Listing Agreement that companies were expected to observe standards.

That was all very well so long as it appeared to work. Over the years, however, and particularly recently, it has become clear that the company which ignores accounting standards or otherwise flouts generally accepted practice usually gets away with little more than a hit of adverse publicity. In the U.S. qualified accounts will not be accepted for registration with the Securities and

Exchange Commission, with the result that the U.S. auditor is in a strong position in his dealings with his client. In the UK, on the other hand, auditors who have qualified more and more company accounts have supposedly indulged in "technical" audit qualifications. When they do qualify today the consequences are far from dramatic.

It is in this context that the big auditing firms have turned their attention to the Stock Exchange. They argue that the Exchange's listing agreement, which all companies are supposed to follow, requires compliance with standards (actually, the agreement states that companies, while the main users of accounts, are in any case those who hold shares and trade in the stock market). It would also appear to be in the interest of investors that all companies should observe the same language in their financial statements.

The Stock Exchange for its part has not been slow to emphasise its central role in the self-regulation of the City. But it draws the line at getting involved in the enforcement of accounting standards.

Commenting on the Watts report, the Exchange had this to say: "It is our belief that standards should be received, accepted and implemented by all those involved in the preparation of financial statements. Once it is recognised that each standard, has been drawn from accepted accounting principles, and once it is recognised that standards express what is generally held to be best accounting practice, we believe they will recommend themselves."

The Exchange's attitude may

need to be seen in the light of the numerous professional attacks on its alleged failures. After all, the job of enforcing accounting standards would be unlikely to enhance the attractions of the stock market.

Perhaps the enforcement solution that will eventually emerge will be based on the proposal of the English Institute of Chartered Accountants that the C&I or the Stock Exchange, together with the accounting bodies, should establish a review panel to inquire into cases of non-compliance with standards. The Stock Exchange recently announced that it is giving consideration to this suggestion, while the Council for the Securities Industry is also thinking about it.

## Bolster

But many users of financial statements argue that something much more fundamental than the bolstering of the present set-up through the introduction of some enforcement mechanism is necessary. The most forthright and best argued comments have probably come from the National Economic Development Office, the executive arm of NEDC, the national economic planning forum. NEDC claims that the present standard-setting system has tended to produce standards which are as much, if not more, for the protection of the auditor as for the improvement in the comparability and accurate disclosure of intelligible accounts.

In simplest terms the office would like "to see the present bias in favour of preparer and auditor shifted towards the user of accounts—interpreted in the widest sense as including, for

example, employees of the company." NEDC also dismissed claims in favour of flexibility from some auditors by stating its belief that "companies have enough in common for common accounting standards to be applied."

NEDC wants to see binding and relevant accounting standards covering public and large companies and says it regards this as important for the proper functioning of financial and capital markets. It also believes that Stock Exchange should enforce accounting standards on listed companies, with the ultimate weapon being the right to suspend a company's share price.

What eventually emerges from the Watts report discussion will not become clear until public hearings—the first of their kind the UK accounting profession has had—take place this month. Whatever the outcome many informed accountants—whether auditors, finance directors or investment analysts—seem to accept that stewardship accounting as practised in the UK will have to undergo some major transformation over the next decade.

On the enforcement front it is inconceivable that the present system, where companies can with impunity chop and change accounting policies, will be able to continue. Equally the accounting profession will have to make up its mind that standards exist for one purpose—to serve the needs of users of financial statements. Unless the present self-regulatory system comes up with these results within a reasonably brief time the long-term prospects for accounting standard-setting in the private sector are remote.

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# Changes in the profession

THE PAST year has brought some important changes to the shape of Britain's accountancy profession. At the top end the much forecast disappearance of Turquands Bartoo Mayhew, one of the country's 10 largest firms, was witnessed through a merger with Whinney Murray (now Ernst and Whinney). In the same league it became known about the end of 1978 that Thomson McLintock was involved in talks which could eventually lead to the formation of a major international accounting group to rival any of the Big Eight firms.

Moving down a little, there has recently been news that Arthur Andersen, the smallest of the Big Eight in the UK, is having merger talks with Tansley Witt, a typical representative of the large medium-sized accounting firm. Finally, last month came the announcement of a merger between two smaller medium-sized firms—Finnic Ross Wild and Allfields.

There is more than enough here to bear out what is now the conventional wisdom about the UK accounting profession—the line that says the Big Eight will continue to squeeze out the medium-sized practices by taking over their larger clients. In the Turquands case a move had been predicted by close professional-watchers for years. On the optical front the firm somehow seemed to have lost its former competitive edge. Despite its size and strength in the Far East, Turquands was more often in the news because it had lost a client rather than gained one. Internationally the firm was involved in a loose association called Klynveld, Turquands VDTG. Originally, this had started out as an effort by three leading European accounting firms—Klynveld Kraayenhof of Holland, Deutsche Treuhand of Germany and Turquands—to develop a European counterpart to the Anglo-American Big Eight. In addition, it had a typical series of associates around the world, including Hurdman and Cranston in the U.S. The concept had a logic but it never seemed to work, probably because the individual firms were not willing to give up enough for the benefit of the group as a whole.

The merger with Whinney Murray takes Turquands into one of the Big Eight without any of its former European or North American associates. Offices of both groups in places such as Australia and S. Africa seem to be in the process of merging—an indication of how important referred fee work can be.

The Thomson McLintock development is not unconnected with what happened to Turquands. On the one hand there were Klynveld Kraayenhof and Deutsche Treuhand, respectively the largest and second largest firms in Holland and Germany, but without a UK associate to look after clients' affairs. On the other there was a separate development in the German profession. Thomson McLintock's international firm—McLintock Main Lafrantz—lost its German member, Karoli Wirtschaftsprüfung, as a result of the merger with Treuhand Vereinigung, the German firm which is part of Coopers and Lybrand International, another of the Big Eight.

McLintock and its partners Main Lafrantz in the U.S. were without a German firm to service their clients, while KK and Deutsche Treuhand were in need of a UK connection. The solution seemed obvious. As a gesture of good faith McLintock Main Lafrantz agreed to have its German clients serviced by Deutsche Treuhand. Talks then got underway.

The German and Dutch firms were still wedded to the old idea of forming a strong European accounting partnership, and they wanted Thomson McLintock to throw its lot in with

them. McLintock was not interested, but suggested instead that Klynveld Kraayenhof and Deutsche Treuhand should consider joining McLintock Main Lafrantz. It was on this basis that an announcement was made saying discussions were underway to create a new and major international accounting firm.

### Solution

The first problem the talks met was what to do about Hurdman and Cranston, the U.S. firm connected with KK and Deutsche Treuhand. Hurdman is a large U.S. firm just below the Big Eight in size. One of its major clients is the U.S. end of Philips, the Dutch electronics multinational which is audited in Europe by KK.

Such audits are not jeopardised easily to the international accounting business. Again the obvious solution was a merger between Hurdman and Main Lafrantz, which itself claims to be the ninth largest firm in the U.S. Such suggestions were dismissed as "pure speculation" by both firms who first hinted in public. Nevertheless, last month came the news that they have agreed in principle to merge. With the U.S. side tied up, the focus of discussions has now moved to Europe.

Thomson McLintock is one of the largest of the UK accounting firms. It is not a national firm in the sense that all partners share the same profit pool. It has been so many of the Big Eight's shopping lists. Yet it has survived. The key here seems to have been the strength of the firm's international partners.

The same does not appear to

be so with Tansley Witt, despite its proud boast to be an international firm through its connection with Alexander Grant (another substantial U.S. accounting firm), and numerous associates around the world. Along came Arthur Andersen (AA), possibly the most aggressive of the UK accounting firms, offering the London partners a share in AA's future and the whole Tansley Witt exterior looked a little naked.

It turned out that the firm was a national partnership only in name and that a number of the regional offices would probably be left out of the proposed merger. To add to the confusion Alexander Grant, or doubt regarding the impact of the possible merger on its own future, commented that as far as it knew the majority of the TW appeared finally only about the up with Arthur Andersen.

If firms like Turquands Barton Mayhew and Tansley Witt disappear into mergers with the Big Eight, which of the other medium to large accounting firms will survive? It is impossible to say with any certainty. What can be said, however, is that it seems unlikely that any of the firms listed in the accompanying table has not considered a merger in the past few years. By this time next year it would not be surprising if more well-known old names had not made a move.

Perhaps the best guide to the eventual survivors is the names of the Big Eight mention as being the most desirable takeover prospects. Such firms have something to work for. Here the most outstanding example may well be Spicer and Pegler, which is a City-based firm, with lots

of City clients—though more than half its business is out of London—and the typical fee is under £100,000, with gross billings for 1979 probably of the order of £10m to £12m. Under the direction of managing partner Richard Langdon, Spicer and Pegler has developed into a national firm and is now also the lead firm in its own international group, Spicer and Oppenheim.

Writing to partners and staff a few years ago, he warned that none of the Big Eight will suddenly disappear or rapidly decline. But "there should be room for more." We must particularly engender the competitive and market-orientated spirit within our own organisation.

### Survivor

Another survivor, so managing partner Mike Shirley-Beavon argues, will be Binder Hamlyn. Binder is not yet a national partnership but it has a unique link with two major European firms—Deutsche Treuhand of Germany and Dijksterhuis of Holland. The strategy is similar to that of the old Klynveld Turquands VDTG partnership but evidence so far is that this one may well work out. Binder Dijksterhuis, as the joint firm is called, markets itself as a European accounting firm. It is not yet a worldwide firm, though it has links with firms in the U.S. and elsewhere.

Medium-sized firms with specialist client areas may also be survivors—unless and until the Big Eight turn their attention to them. Examples here probably include Stoy Hayward, which has a name in the property and textile industries, Moore Stephens, which has cornered the Greek shipping market, and Baker Sutton and

Neville Russell, which do a lot of Lloyd's work. Thornton Baker, a firm with a vast array of small clients around the country, is also likely to be around for a long time to come.

The matter can be seen in a slightly different light by going back to the list of the top UK firms. Within the group it seems that the top five firms—Pear Marwick Mitchell, Price Waterhouse, Deloitte Haskins and Sells, Coopers and Lybrand and Ernst and Whinney—may be leaving the rest behind. Arthur Young and Touche Ross are much smaller than the others. The only way they could remedy the situation would be through a merger. But there are few firms they would want to acquire without shedding a few surplus partners. Arthur Andersen, even after the proposed Tansley Witt merger, faces the same problem.

So what are the criteria for survival after all this? Talking to managing partners, the answers seem to be as follows:

- doing a competent audit;
  - being large enough for economies of scale in training and backup services;
  - having a highly respected name;
  - ability to recruit high calibre graduates from the major universities;
  - national coverage;
  - full range of specialist services—especially tax;
  - international competence.
- At the other end of the scale there are, of course, the thousands of small local accounting firms. For these there will always be plenty of work and a good living—provided, as one partner put it, everyone is willing to take his cost off to provide the service the client needs.

Michael Lafferty

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## Confusing groups

THE BRITISH accountancy world is confusing, even for those who are accountants, with an array of bodies and initials capable of creating considerable confusion. There is the CCAB, the ICAEW, the ICAS, the ASC, ICA, APC, UEC, CIPFA and ICMA—to mention but a few.

The legal position is straightforward: anyone can call himself an accountant. Unlike countries such as Germany and Holland where the right to use professional titles is closely regulated, there is nothing in Britain to prevent a few students who have failed the Institute of Chartered Accountants exams from opening an office in the High Street and presenting themselves as "Accountants and Auditors." This has certainly happened.

So, first of all, what are the bodies and qualifications which are normally regarded as part of the established accountancy profession? There are six professional bodies in this category: the Institutes of Chartered Accountants of England and Wales, and of Scotland and Ireland, the Association of Certified Accountants, the Institute of Cost and Management Accountants and the Chartered Institute of Public Finance and Accountancy.

Together, these bodies present their views to the outside world through the Consultative Committee of Accountancy Bodies (CCAB), which is run from the Moorgate Place headquarters of the English Institute of Chartered Accountants, the largest of the professional bodies.

There are certain distinctive characteristics of each of the professional bodies. The Institutes of Chartered Accountants likes to claim the highest status in the accounting scale of esteem. This goes back to the days when the only way a young man could become a chartered accountant was by serving articles of clerkship, for which right he had to pay a premium.

The premium system disappeared finally only about the time of the last war. The articles system still remains the hallmark of a chartered accountant's training today. He can enter the profession only by training with a practising firm of chartered accountants, where he is "articled" to one of the partners. Nowadays it is common to describe this process as studentship.

While training, the student accountant is expected to be given a broad range of experience, but most of his time is likely to be taken up with auditing clients. When he qualifies and has gained a number of years' experience the chartered accountant is eligible to apply to the institute for the practising certificate—at which point he may set up his own accounting firm, or go into an existing partnership as a member of the firm.

The Association of Certified Accountants and its predecessor bodies started their existence by providing an alternative to the chartered accountant qualification for poor students who could not afford the expense of articles. Today it is the second largest accounting body in the UK in terms of total membership, which amounts to more than 20,000 individuals. Less than 2,000 certified accountants are in full-time public practice running

accounting firms. The vast majority are in industry, and commerce.

The Institute of Cost and Management Accountants is probably the nearest competitor to the Association of Certified Accountants. Like the majority of certified accountants, its students are trained wholly in the companies or firms where they work. There is no systematic articles and, the essential difference is that training is normally in a company.

The Cost and Management Institute has more than 17,000 members and no fewer than 30,000 students. The comparable figures for the Association are in excess of 58,000. A very large proportion of these students work and study and take their exams in countries outside Europe, normally in the new Commonwealth areas. In the case of the association slightly more than half of the registered student body is overseas. Of the home proportion only 1,200 of the 29,000 students are graduates.

The vast student bodies of both the association and the Institute of Cost and Management Accountants occasionally attract complaints from the other professional bodies. Indeed, there have been suggestions that the Association has been making a considerable profit out of its student population. This may no longer be the case, however, since fees were reduced a year or so ago.

The Chartered Institute of Public Finance and Accountancy (previously the Institute of Municipal Treasurers and Accountants) is the accounting body which generally trains accountants for local government. Increasingly it is getting a foothold throughout the public sector and even within the Exchequer and Audit Department, where most of the existing staff do not have formal accounting qualifications.

### Competent

Within the CCAB group there are what are called the "recognised bodies"—the professional bodies whose members are recognised specifically under the Companies Act as being competent to carry out audits. These are principally the Institutes of Chartered Accountants in England and Wales, Scotland and Ireland—and the Association of Certified Accountants.

Added to this is a newly-formed body called the Association of Authorised Public Accountants. This was formed in July 1978 and includes more than 400 of the estimated 1,000 individuals authorised by the Department of Trade in addition to those qualifying automatically because they are chartered or certified accountants.

The new Association seems to be working fairly closely with the Association of Certified Accountants, which has agreed in principle to provide its technical services to the new body's members. Members of the Association of Authorised Public Accountants point out that Department of Trade authorisation is given only to applicants who can demonstrate many years of experience in public company audits under the supervision of a member of the officially-recognised bodies.

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# Progress towards a common standard

ACCOUNTING HAS made considerable strides in recent years towards the goal of achieving full precision and comparability in company reporting. But experienced users of accounts will know that there are still many occasions when a sharp eye and an ability to read between the lines are necessary for a full understanding of a profit and loss account or a balance sheet.

There are, however, accountants who call for more stringent standards of reporting. Deloitte Haskins and Sells, for example, recently called for standards which would eliminate flexibility and for penalties including fines for directors where companies refuse to comply. But there are also dovish auditors who are able to agree that in special circumstances companies are justified in declining to follow a standard while when it comes to tricky points they may decide that so long as there is what they think is adequate disclosure in the notes to the accounts they will be satisfied.

To take one entirely innocent example, for some years ICA adopted accounting policies in respect of Government investment grants which were not compatible with the accounting standard SSAP 4. Its accounts were qualified, but such a purely technical qualification appeared to have little effect.

In 1977, however, the company changed irrevocably because of the insistence of a foreign agency, the U.S. Securities and Exchange Commission, that it should observe generally accepted UK accounting practices in its financial statements.

Accounting policies were completely voluntary, of course, all sorts of turns would be employed by companies seeking to show their best face to the world at all times. An example of this can be found in the behaviour of Thomas W. Ward in the past two years in relation to the Hyde guidelines on inflation accounting. Compliance with which is, of course, entirely a voluntary matter, and does not concern the auditors unless they are asked.

So it was that Ward published current cost profit figures in January, 1978, and the conclusions of the Hyde Committee

were "welcomed for their simplicity". By chance, falling scrap prices had that year reduced the cost of sales adjustment by £2.1m. In January, 1979, the current cost figures mysteriously failed to appear in the annual report. There was no explanation, but it was a fair guess that after a surge in scrap prices the cost of sales adjustment would have looked much more damaging than a year before.

Many other companies, of course, have made excuses for not publishing inflation adjusted figures. The explanations have varied, but strangely have never included the most honest justification, that publication might, in the view of the directors, damage the company.

Most such problems of omission will disappear, of course, when current cost accounting becomes compulsory. But disclosure still remains an important factor in a number of areas of accounting. There is, for example, that perennial twilight area between exceptional and extraordinary items which sometimes pop up above the line and sometimes are confined below.

Companies like Debenhams and Trafalgar House take in property, disposal profits above the line, which may be acceptable if they are regular items, but nevertheless such profits are highly volatile and cause analysts considerable problems in assessing the underlying level of earnings.

And Trafalgar's last annual profits received a £3.9m boost from a gain which had arisen in a slightly curious way. Its stake in Savoy Hotel had been bed-and-breakfasted (sold and bought back overnight for tax reasons) in 1974-75 and a £2.6m loss at that stage was treated as an extraordinary item. Subsequently the shares were reclassified as current assets so when it came to selling them last year, the £3.9m surplus which arose, compared with written down value, went into profits. This treatment was, however, fully disclosed in a note.

Different auditors can permit different companies to treat the same problem in alternative ways, which can only mystify users. An example of one of these difficulties can be found in the upheaval suffered by the telecommunications industry in recent years as it has struggled to adapt to Post Office cutbacks and to the changeover from electromechanical to all-electronic switching. All this has meant big staff redundancies and major plant rationalisation.

The puzzle is that, whereas Plessey has found it appropriate for several years to make big extraordinary charges below the line, its competitor STC has treated rationalisation costs only as exceptional items which are charged before striking a pre-tax profit figure. It will be interesting to see whether this contrast persists now that STC has become a listed company.

The report and accounts published by Lomrho early this year aroused interest because of the company's insistence on treating House of Fraser as an associate. It held a slightly lower stake than the minimum recommended by the relevant accounting standard SSAP 4 (a problem effectively cured since then, however, by the takeover of SUTTS).

But it was also noticeable that Lomrho had changed its policy on currency translation so that unrealised exchange adjustments, which used to pass through the p and l account as extraordinary items, now go straight to reserves. Due to the strength of sterling, exchange losses are now a problem for companies which used to bank in the warm glow of devaluation-induced gains. It appears that the Lomrho accounts prompted other clients of Peat Marwick Mitchell, joint auditors to the company, to ask whether they could make a similar change.

There is nothing wrong with modifying accounting policies when they begin to cause distortion. But it was evident that Lomrho had not at the same time changed its unusual policy for depreciation, which allows it to write back into profits the unrequired past depreciation on revalued assets.

This policy boosted profits sharply more last year than it had done in the past. Peats told the Monopolies Commission, which was inquiring into the Lomrho/SUTTS merger, that the practice was "acceptable, given adequate disclosure, though somewhat unusual". One controversial area which promises to become still more contentious with the approach of current cost accounting is that of asset valuations. The property and shipping industries are noted for their flexibility in the treatment of balance sheets, which sometimes have to be read in conjunction with notes appearing a good few pages further back in the annual report.

When the Dutch company Wereldhave was bidding (it turned out unsuccessfully) for English Property Corporation a few months ago, it was able to point out certain discrepancies. A £33m shortfall in the value of EPC's Brussels properties had been acknowledged in its annual report but had not been reflected in the balance sheet.

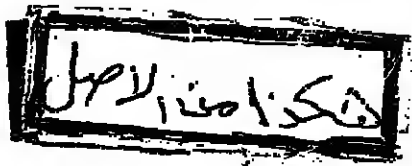
Then there is the continuing saga of Burmah Oil. Everybody knows that when Burmah took delivery of the Burmah Endeavour and the Burmah Enterprise, two giant tankers, the company was acquiring a hole in its balance sheet. At the end of 1978 these vessels were being carried in the books at £89.2m, but as a note to the accounts put it, "profitable employment for these ships is not in prospect".

The attitude of the company is that at some time in the middle 1980s the ships will be worth more than the then book values after depreciation. The straight to reserves Murray are not happy at the balance sheet valuation and have heavily qualified their report. But the unsatisfactory position remains that assets are being carried in the balance sheet not at what they are worth but at what the directors hope they might possibly be worth in a few years' time.

It comes back, once again, to the question of flexibility. The system of accounting in the UK is neither strictly historical cost, as in the U.S., nor current cost. It is a system much favoured by companies because they can revalue their assets if and when it suits them, rather than be forced to devalue them in the middle of a crisis which might leave the balance sheet uncomfortably exposed. The worst that can happen is that a cautionary sentence will be inserted into the auditors' report saying something such as that it is not clear whether or not the assets are included at appropriate values. But before long, perhaps, the penalty will be more severe.

Barry Riley

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# Keeping track of inflation

ED 8... ED 18... ED 24. Inflation accounting is now into its third exposure draft and it will be next October — when the exposure period for ED 24 ends — before it will be possible to gain a firm idea of whether the latest effort of the Accounting Standards Committee (ASC) stands a better chance than its predecessors. One of these was killed off by the intervention of Whitehall and the other by a rebellion within the accounting profession.

At this stage, however, there are some favourable signals. The latest acceleration of inflation to a threatened 17 per cent by November adds an element of renewed urgency to the inflation accounting programme, which was in danger of being allowed down by the dip of inflation into single figures last year. And the new Conservative Government shows signs of being much more enthusiastic about current cost accounting than the Labour administration.

The Inland Revenue is keen to go over to a proper form of inflation accounting to replace the ad hoc concessions, notably for stock relief, that they have been making for some years. But it is not clear at this stage whether the Inland Revenue is happy with the ED 24 proposals as they now stand. It is to discuss the matter with the accounting profession in the autumn.

## Receptive

With the passage of time opinion both inside and outside the accounting profession is probably more receptive to the idea of current cost accounting (CCA) than a few years ago. The heated arguments over the more controversial aspects of CCA, and over the question of the need for gearing adjustments, appears to have died down. Yet there are still several areas in which ED 24 is coming in for criticism.

For example, the definition of the monetary working capital adjustment (MWCA) is hazy, and the boundary line between short-term working capital and

long-term financing is vague. Many experts are unhappy at the gearing method chosen, which falls short of allowing a full adjustment for the benefit of security holders receive from the erosion of the value of borrowed money.

Economists take a more radical view on this point than accountants, who tend to be influenced by prudential considerations. Thus economists argue that the whole of the gearing gains which accrue to companies should be credited to profits. But the ED 24 position is that only realised gains can be so treated, so that only the geared proportion of the depreciation and working capital adjustments are released to profits.

The differences can be considerable. The Bank of England has just produced estimates of real rates of return on capital for UK industrial and commercial companies. The most conservative of these does not allow for gearing benefits at all, but simply represents profitability net of stock appreciation and replacement cost depreciation. On this basis, British industry earns a return of around 4.5 per cent.

On an ED 24 basis, however, the Bank of England's economists estimate that for 1977—the latest year for which figures are available—the pre-tax return would have been more like 6.2 per cent. And on the basis of a full "natural" gearing adjustment the return would have been 7.4 per cent.

Critics have pointed out some of the anomalies of the ED 24 gearing adjustment. Gearing gains will depend on the kind of assets a company owns rather than simply on whether their value has increased, while companies like GEC which have big cash holdings will not have to provide for any diminution of the real value of their net monetary assets.

On the other hand the Morpeth Steering Group points to the EEC Fourth Directive with its prohibition of the inclusion of unrealised gains in profits.

What is perhaps a more important deficiency of ED 24 emerges, however, at a practical level. The problem is that the proposals involve two profit figures appearing in a single report and accounts. One is a figure which the auditors will say represents a "true and fair view" on the historical cost convention. The other is a supplementary figure which may not be audited at all, although there is pressure on auditors to adopt some form of positive qualitative statement such as that the current cost accounts are "properly prepared".

## Patchy

Plainly the existence of two quite different profit figures poses problems of credibility for users of accounts. The intention underlying the approach of ED 24 is that after a short time the dual approach will be dropped and the current cost accounts will become the main accounts. But it is not at all clear how this transition will be achieved.

## Favoured

It comes back, once again, to the question of flexibility. The system of accounting in the UK is neither strictly historical cost, as in the U.S., nor current cost. It is a system much favoured by companies because they can revalue their assets if and when it suits them, rather than be forced to devalue them in the middle of a crisis which might leave the balance sheet uncomfortably exposed. The worst that can happen is that a cautionary sentence will be inserted into the auditors' report saying something such as that it is not clear whether or not the assets are included at appropriate values. But before long, perhaps, the penalty will be more severe.

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On this and the page opposite profiles by  
**MICHAEL LAFFERTY and BARRY RILEY** portray leading figures  
in accountancy, including this year's centenary President of the  
Institute of Chartered Accountants in England and Wales.

# Aspects of the accountant at work



**David Hobson**

DAVID HOBSON has been senior partner of Coopers and Lybrand since 1975, when he succeeded Sir Henry Benson, one of the profession's best-known personalities. Though there were questions at first, senior accountants today have no doubts about David Hobson. He is tough in the traditional Coopers mould.

David Hobson shot into the public eye in 1975 when the Department of Trade report on London and County Securities (L & C), where he had been one of the two inspectors, was

published. The report catalogued the failure of L & C, which itself precipitated the start of the secondary banking collapse. It was highly critical of many of those involved, not least the old accounting firm of Harwood Banner, now part of Deloitte Haskins and Sells, which had acted as auditor. Such criticisms were only the beginning of what began to seem like an avalanche for the accounting profession. Yet at no time has any criticism been levelled against David Hobson, though privately it would only be human if partners in Deloitte Haskins and Sells, which is now facing an ESM writ as a result of the L & C failure, wished his report had been less explicit.

David Hobson has been fortunate enough to head Coopers at a time when, despite controversies surrounding many other major accounting names, his own firm has not been the centre of a single "public case." The only such known action against Coopers, relating to the company Burnholme and Forster, was crossed off the list in the High Court recently.

Like his predecessor, Mr. Hobson has managed to combine a successful career within his firm with considerable achievement in external professional affairs. He is an enthusiastic member of the Accounting Standards Committee, and has been regarded for some time as a likely chairman. He is also a member of the Council of the English Institute of Chartered Accountants, where the presidency may yet come his way.



**Hugh Patterson**

HUGH PROUDFOOT Patterson has been senior partner of Whinney Murray since 1973. In the past year he has taken his firm into the largest single merger the UK accounting profession has ever seen—the link with Turquand's Barton Maybew. The combined firm has over 180 partners and probably ranks third in order of size among the big accounting firms. It now practices under the name Ernst and Whinney, a title which reflects the combination into one international accounting group

Macnair himself was admitted to the London partnership in 1953 and for many of his early years worked closely with Sir William. Colleagues say he cannot be categorised as an audit or tax partner. "He was a general partner, as opposed to a specialist."

In later years James Macnair became increasingly concerned with the development of the practice. His particular contribution has come in the expansion of McLintock's international coverage, through the group of firms which is now known around the world as McLintock Main Lafrentz.

In this organisation Thomson McLintock is definitely one of the main partners. It is a tribute to the strength of the international firm that it has not fallen apart like so many others in the fast-changing international accounting world of recent times. In particular Thomson McLintock has resisted the offers of Klynveld Kraevend and Deutsche Treuhand, two leading Continental firms to leave McLintock Main Lafrentz to form a new European partnership to compete with the Big Eight. Instead, it has been successful in setting both firms interested in joining McLintock Main Lafrentz.

If the international partnership which the current talks appear to be aiming at comes about James Macnair's skills and international accounting expertise will be much in demand. James Macnair is a senior partner in the traditional mould. He has progressed within his own firm and is also a leading personality and thinker on professional and technical accounting matters. He is a council member of the Institute of Chartered Accountants of Scotland.

Within the London firm Mr. Macnair does not have direct executive responsibility for managing the partnership—London has its own policy committee. He retains an interest in a number of audit clients, including Associated British Foods, the National Enterprise Board and UK Optical Group and is a specialist in the aircraft industry.

of Ernst and Ernst of the U.S., one of the Big Eight firms, and Whinney Murray.

Mr. Patterson is a tough, austere, cautious and careful individual. He came to head Whinney Murray by a path which would seem unlikely today, for such a major firm. He did not go to university. After qualifying as a chartered accountant in 1954, he joined the firm Whinney Smith and Whinney, becoming a partner no less than 10 years later. His initial specialisation was in tax work, moving to the more traditional audit area only in 1965, the year when major changes in UK tax law were enacted.

Today he still manages to mix client work with the job of running Ernst and Whinney. His main audit clients include Midland Bank and Dunlop. Others have been Bass Charrington and Whitbread. He also headed the firm's team which advised the last Government on the nationalisation of the aircraft and shipbuilding industries.

Perhaps because of his tax background Mr. Patterson has not taken any noticeable part in professional activities outside his own firm. A colleague comments that the vast commitment of other partners in the firm to Institute affairs made it unnecessary, or maybe impossible, for Patterson to get involved.

Asked to reflect on Hugh Patterson's greatest professional achievement, partners in the firm freely admit that this lies in the organisation and efficiency he brought to Whinney Murray. "Without that we would never have been able to merge with Turquand's," comments one partner.



**David Rae Smith**

FOR DAVID Rae Smith, Deloitte Haskins and Sells is something of a family firm—his father, Sir Alan Rae Smith, was a leading partner before him. Now, at 59, Mr. Rae Smith is senior partner of a firm which stands very near the top of the UK accounting league table. It is a position which owes a good deal to the impact of one of the largest UK accounting mergers—the 1974 union of Deloitte with Harwood Banner which took place fairly soon after Mr. Rae Smith became senior partner in October 1973.

He joined Deloitte, his only firm, in 1948. He has specialised in audits—large, medium and small—and has been active in investigations, new issues and general financial advice. On the other hand, he has never become involved in tax affairs

or management consultancy. David Rae Smith has active interests outside Deloitte. Since 1961, he has been Honorary Treasurer of the Royal Institute of International Affairs, work for which he was awarded the CBE in 1976. At the English Institute of Chartered Accountants he sat for a number of years on the overseas relations committee. In his spare time he enjoys horse-racing.

His period as senior partner has provided plenty of challenges. Another major development for the firm after the Harwood Banner merger was the cementing of the relationship with the U.S. firm Haskins and Sells, which led to the adoption of the common trading name Deloitte Haskins and Sells from May 1978. This change marked a stage in the slow process of a complete amalgamation of the two firms.

Recently too the UK firm embarked on a major "management change." Mr. Rae Smith told partners and staff in April this year that the structure created after the Harwood merger "had begun to show signs of cracking in some areas." Now the senior partner is backed up by two new executive partners, the managing partner of the UK firm and the international partner.

These moves relax some of the burdens on David Rae Smith, but he insists that as senior partner he "will still be the focal point in the partnership both internally and externally." He points out that clients come to see the senior partner for general advice. "They see me as an independent man of business affairs, to whom they can chat in confidence."

## James Macnair



JAMES MACNAIR is senior partner of the London partnership of Thomson McLintock and joint chairman of the UK firm's policy committee, a post which he shares with John Kirkpatrick, senior partner of the Scottish TML partnership. To the outside world it all seems very unwieldy, all the more so when it is appreciated that there are no fewer than 12 separate and largely autonomous Thomson McLintock partnerships throughout the UK. They are held together by the UK policy committee, which is said to have "considerable persuasive powers."

James Macnair became the senior man in London in April 1978, in succession to Sir William Silimmins. After reading history at Oxford he had joined the firm where his uncle was already a partner. Mr.

## David Richards

NEXT MAY the English Institute of Chartered Accountants will hold a week of celebrations to mark its centenary. The occasion will be signalled by an international conference, an exhibition and a centenary ball among much else (though the Post Office has turned down the suggestion of a special postage stamp issue). The man who will preside over all the festivities will be David Richards, who was elected as President of the Institute on June 6.

Mr. Richards has made rapid progress through the professional societies and committees. During the 1960s he was prominent in the London and District Society of Chartered Accountants, becoming chairman in 1969-70. He was then elected to the Council of the Institute in 1970; since then he has been at various times chairman of the auditing practices committee, the post-qualifying education committee and the research committee.

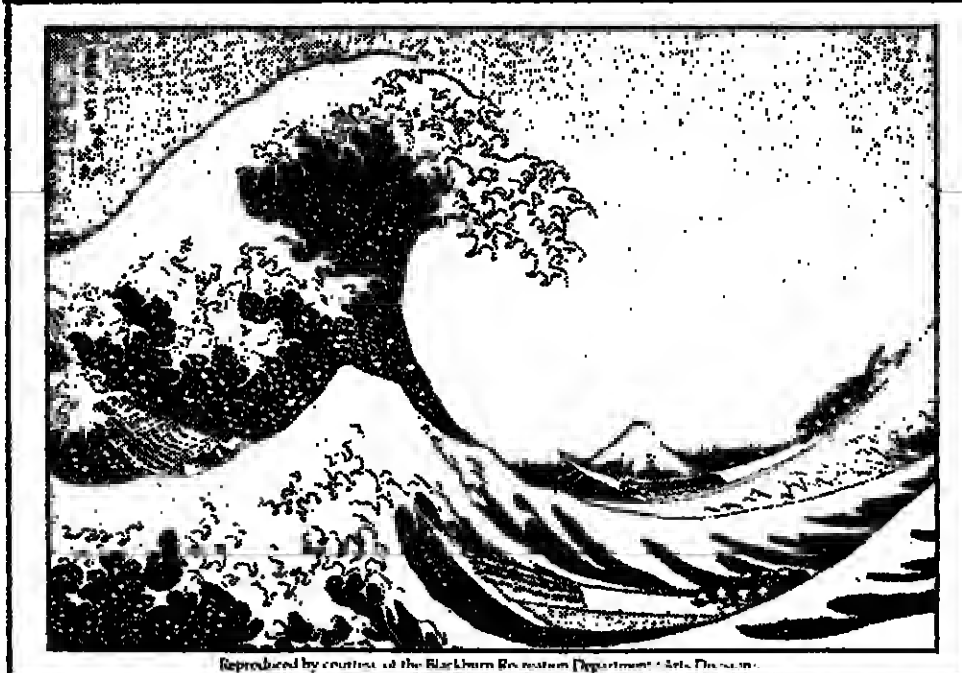
He was educated at Highgate School and qualified in 1951 with the firm of Harwood Banner, of which he soon became one of the youngest partners. In 1974 he was absorbed into the larger grouping now trading under the title Deloitte Haskins and Sells. The link with Harwood Banner has caused occasional embarrassment, however, in the light of adverse publicity resulting from the collapse of the fringe bank London and County Securities, of which Harwood had been auditors.

Though Mr. Richards carried no personal blame his firm was criticised in a Department of Trade Inspector's report, and he thought it right to tender his resignation as chairman of the auditing practices committee in 1976. Clearly this problem has not lost him any respect within the profession. But there is an awkward possibility that the ESM claim by the London and

County Liquidator against Harwood could come into court in 1980.

David Richards has just spent a year as chairman of the Institute's public relations and communications advisory committee and has been a member of the centenary celebrations working party, so he will be fully prepared for the hectic schedules of the year ahead. It does not look as though he will have much time for his hobbies, which include golf, tennis, sailing and church music. He is 50.

Curiously enough, his election this year perpetuates a sequence in which partners of Deloitte—or one of the firms it has absorbed—have held the presidency in the Institute's 25th, 50th, 75th and now 100th year.



"The Waves at Kanagawa" by Katsushika Hokusai (1760-1849)

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It is easy to see why such questioning should arise in the late seventies. After all, the British accountancy profession has been through tough times over the past few years.

The whole accounting standard-setting process has increasingly come into controversy. The profession's efforts to introduce systems of inflation accounting have so far come to nothing, there was the humiliating defeat for the establishment when members of the English Institute of Chartered Accountants voted overwhelmingly in 1977 against making any system of cost accounting mandatory, the reputations of auditors have slipped significantly (following the rush of Department of Trade reports after the secondary banking collapse).

Furthermore, efforts to introduce audited standards have so far come to little while the profession is becoming increasingly divided between the major accounting firms—which run their affairs like multinational businesses, with all the business development practices considered normal in commerce and industry—and the traditional smaller firms, which still aim to provide a general service to individuals and smaller businesses.

Altogether, it is a far cry from the sixties when even the largest firms of the day would be considered medium-sized and probably on the way out, by today's standards. Then the pressures on accountants and auditors were far less. Accounting standards were something the Americans had allowed themselves to be conned into issuing. The "true and fair"

view approach was thought much better—and far safer, no doubt. Auditing standards were unheard of 15 to 20 years ago. Accounting and accountants were then accepted far more on their own terms than they are nowadays. There was little or no attention to accounting matters in the Press, and the profession progressed in easy comfort with the then professional Press. What the leaders said, went. It was reassuring to be an auditor. Writs for professional negligence claims were hardly admitted.

Today, the accounting profession and accounting matters can no longer be seen as comprising only that which is dealt with through the professional bodies, under the direct control of officers, such as presidents.

Accounting standards, possibly the single most important area of the profession's public involvement, are dealt with by an Accounting Standards Committee, which would dearly like to distance itself further from Moorgate Place.

The ASC chairman, if anything, has become the most important public man in accounting. Auditing standards are going the same way: there is a joint committee of the professional bodies, entitled the Auditing Practices Committee, with its own chairman. In the area of discipline, the same thing is about to happen.

Through the English Institute of Chartered Accountants still holds sway on just about everything that happens in British accounting, the power of its president has diminished a great deal. There is no way, probably, that he could take public issue with the chairman of ASC and expect to be regarded as the authentic spokesman of accountancy.

While this process of fragmentation has been taking place within the Institute it would appear that the changing demands of professional firms have restricted the numbers of too quality partners prepared to give their time to Institute affairs. Looking at the seven-

largest firms in the UK, for instance, it is apparent that those senior partners who manage to combine a successful career in their own firms with outside involvements in professional affairs, are decidedly in the minority.

The senior partners of Arthur Young, Deloitte Haskins and Sells, Price Waterhouse, Touche Ross and Ernst and Whinney are distinctly in the administrator category: only those from Coopers and Lybrand, Peat Marwick Mitchell and Thomson McLintock fall into the more traditional mould.

In the case of each of the latter it is probably easy to see how the combination of work for the profession and internal practice administration has been achieved. The point is that these are more the times of accounting managing directors for senior partners.

But why should senior partners give up valuable time for the sake of the profession as a whole, when the competition is getting on with the job? The only answer to this is to be found in the overall status of the accounting profession itself.

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# Key questions on leadership

IT IS commonplace today to hear people in accountancy talk about the shortage of leaders in the profession. They remember all the good points about the great leaders of the past, and ask how the profession is going to present itself to the public in the years to come, when pressures on auditors and accountants generally are expected to increase.

It is easy to see why such questioning should arise in the late seventies. After all, the British accountancy profession has been through tough times over the past few years.

The whole accounting standard-setting process has increasingly come into controversy. The profession's efforts to introduce systems of inflation accounting have so far come to nothing, there was the humiliating defeat for the establishment when members of the English Institute of Chartered Accountants voted overwhelmingly in 1977 against making any system of cost accounting mandatory, the reputations of auditors have slipped significantly (following the rush of Department of Trade reports after the secondary banking collapse).

Furthermore, efforts to introduce audited standards have so far come to little while the profession is becoming increasingly divided between the major accounting firms—which run their affairs like multinational businesses, with all the business development practices considered normal in commerce and industry—and the traditional smaller firms, which still aim to provide a general service to individuals and smaller businesses.

Altogether, it is a far cry from the sixties when even the largest firms of the day would be considered medium-sized and probably on the way out, by today's standards. Then the pressures on accountants and auditors were far less. Accounting standards were something the Americans had allowed themselves to be conned into issuing. The "true and fair"

view approach was thought much better—and far safer, no doubt. Auditing standards were unheard of 15 to 20 years ago. Accounting and accountants were then accepted far more on their own terms than they are nowadays. There was little or no attention to accounting matters in the Press, and the profession progressed in easy comfort with the then professional Press. What the leaders said, went. It was reassuring to be an auditor. Writs for professional negligence claims were hardly admitted.

Today, the accounting profession and accounting matters can no longer be seen as comprising only that which is dealt with through the professional bodies, under the direct control of officers, such as presidents.

Accounting standards, possibly the single most important area of the profession's public involvement, are dealt with by an Accounting Standards Committee, which would dearly like to distance itself further from Moorgate Place.

The ASC chairman, if anything, has become the most important public man in accounting. Auditing standards are going the same way: there is a joint committee of the professional bodies, entitled the Auditing Practices Committee, with its own chairman. In the area of discipline, the same thing is about to happen.

Through the English Institute of Chartered Accountants still holds sway on just about everything that happens in British accounting, the power of its president has diminished a great deal. There is no way, probably, that he could take public issue with the chairman of ASC and expect to be regarded as the authentic spokesman of accountancy.

While this process of fragmentation has been taking place within the Institute it would appear that the changing demands of professional firms have restricted the numbers of too quality partners prepared to give their time to Institute affairs. Looking at the seven-

largest firms in the UK, for instance, it is apparent that those senior partners who manage to combine a successful career in their own firms with outside involvements in professional affairs, are decidedly in the minority.

The senior partners of Arthur Young, Deloitte Haskins and Sells, Price Waterhouse, Touche Ross and Ernst and Whinney are distinctly in the administrator category: only those from Coopers and Lybrand, Peat Marwick Mitchell and Thomson McLintock fall into the more traditional mould.

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## Course

The Companies Act and case law was the basis of most accounting and, certainly, the auditing textbooks. It was normal to become a chartered accountant in the '60s simply on the basis of a Foulks Lynch correspondence course, with occasional visits to the local students' society for those who wanted a little extra.

As the 1980s approach, all that seems almost another world. As an organised profession, accountancy is still only about a century old and there has probably been more progress in the past decade than the previous 50 years.

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# Debate on auditing rules

A FEW months ago, Mr. Ian Hay Davison, the colourful senior partner of Arthur Andersen UK, said, in an article, that the proposed new auditing standards were incapable of application to the smaller company. The result, he argued, was that the standards should be filed away until smaller companies are legally exempt from the audit requirement.

The implication of Mr. Davison's reasoning is quite startling: he is saying, quite simply, that there may be hundreds of thousands of companies in Britain today which are receiving unqualified audit opinions which they would not be entitled to if the proposed standards (which do not seem particularly onerous by international standards) were in force.

Mr. Davison went on to suggest that many of the smaller companies may not be keeping proper books of account, as required by the Companies Act, and that there are, therefore, wholesale violations of the Act.

Ian Davison is not the first accountant to come to these conclusions, though in typical style he is one of the few willing to express his views in public. The underlying issue is dynamic in the accounting profession. For if the audit requirement were to be removed for small, family-owned and managed (so-called "proprietary") companies, the vast majority of accounting firms up and down the country would probably lose clients.

In order to provide some con-

solation for all these firms, the men on the profession's Auditing Practices Committee came up with the idea of the "review," a sort of mini-audit, which all small companies exempt from the audit would have to have.

In practice, it is suggested, the review would involve little change in what most auditors are doing at the present time. On the other hand an advantage it would bring, so it is said, would be fewer negligence claims.

Until the company law position becomes clear, the status, and certainly the value, of the proposed auditing standards, will be in doubt. As events stand, the UK is increasingly looking the odd-man out in the auditing standards area. The profession in the United States has had such standards for 40 years, they exist in Canada and Australia, and even the German profession has had audit standards since 1976.

As the situation stands, the only guiding light for the British auditor is that beautiful phrase in the Companies Act, which says that accounts shall give "a true and fair view" and the auditor must state in his report whether, in his opinion, they do. There is no definition of what is true and fair, though it would seem sensible to say that the growing body of accounting standards provide a framework within which most accounting policies could be assessed for truth and fairness.

This is all very well. But it

looks very odd, in practice, if an auditor says a company's accounts are a true and fair view using one accounting policy for, say, currency translation in year one, another, in year two, and possibly reverting back to the old policy again for year three.

The problem arises with new accounting standards: what is true and fair one year is not the next, and in practice both finance directors and auditors seem willing to stretch this one as far as it will go.

If accounting standards are constantly appearing, such difficulties might appear to be merely a passing phase—provided there is some logical basis for the whole accounting approach, enabling auditors to judge in areas yet to be standardised what is in line with the underlying convention.

Reconcile

In practice, however, there is no longer an agreed underlying convention. It appears to have been, though nobody says so, the notion of historic cost. But there is no way that some of today's accounting standards could reconcile with this.

In addition, an increasing number of companies have been adopting quasi-inflation accounting adjustment in their main accounts, suggesting that it is acceptable to produce accounts according to a variety of different conventions, or mixtures of conventions.

In such a changeable and uncertain world it would seem

that the auditor's opinion has a potential double value—both in the sense of saying whether the figures follow all the stated accounting policies, and expressing an opinion on the appropriateness of the overall collection of policies.

The latter is something most auditors appear to shy away from. They say, quite rightly, that the accounts are those of the management and that, in any case, it would be a foolish auditor indeed, who would lay his head on the block by saying that one set of policies was appropriate, while another set was not.

The issue is not unconnected with the question whether the true and fair view should be assessed on the basis of the profit measured on the face of the income statement, or on the basis of the income statement as adjusted by any items shown in the notes. The matter received some discussion in the Department of Trade inspectors' report on Court Line.

Another aspect of auditing which deserves mention is the concept of materiality. There are many references to this in the Companies Acts, and auditors generally look at the extent of errors or non-disclosure in accounts according to whether the item concerns material.

In other words, it might be that by adopting a different stock valuation policy than that allowed for in the relevant accounting standard profits for the year are overstated by more

than 10 per cent. This would obviously be a material difference, and auditors might be expected to qualify their opinion on such accounts.

In practice, of course, there is no definition, or even limits for what ought to be considered material. Different accounting firms most probably have different ideas on this. Indeed, it is said that while one of the major firms is an enthusiastic backer of tough accounting standards, its approach on audit is to take a broad view of materiality—whereas another firm, which tends to favour flexible standards, is much more willing to qualify on the basis of material differences from standards.


It all comes down to saying that auditing in the UK is still totally an area where the auditors' judgment is paramount. There are no rules for good audits, and there are precious few ways in which a shareholder can determine whether an auditor is doing his job. That normally has to wait until the company lands in trouble, when there is an independent inquiry.

When auditors are criticised as a result of such inquiries, one of their usual defences is that the inspectors are applying hindsight (and today's standards) when different standards applied. This will remain a perfectly viable defence until the UK accounting profession is forced towards the issuance of definitive and binding audit standards.

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Price Waterhouse always has a place for the talented, ambitious qualified accountant or finalist who wishes to develop a career in auditing or a specialist field in the UK or abroad.

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Table listing 24 accounting firms with columns for Partners, Professional staff, Staff/partner ratio, Total, and Estimated gross fee income 1978-79.

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approach to extra-statutory disclosures than were those of the British companies. It appears that companies from countries like France, Sweden and the Netherlands are leading the way in newer and sometimes more controversial areas.

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Impact

Impact of the fifteen companies published supplementary statements designed to reflect the impact of inflation on the results. It was noted that most UK companies observe the closing rate method for currency translation.

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Advertisement for Edward Moore & Sons, accountants. Includes a cartoon illustration of a man in a suit and a man in a plaid coat, and the text 'WE DON'T EXPECT YOU TO DRESS FOR THE PART..'

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THE CONTROVERSY which surrounded the recent 'fuller disclosure' by the clearing banks of their bad and doubtful debt provisions has rekindled interest in some quarters in those highly privileged companies which are granted the right under the Companies Act not to reveal their true profits from one year to the next.

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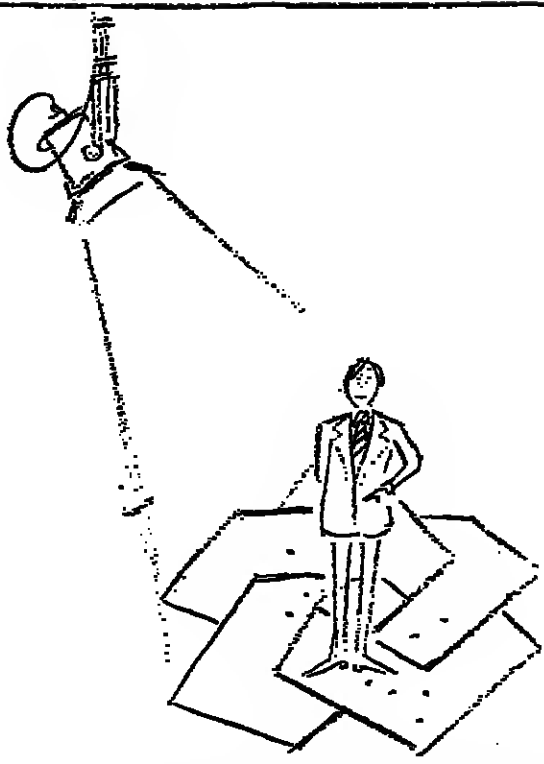
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  - Work in the City
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WHEN THE Government announced its general ban on public-sector recruitment, an anonymous official at the Civil Service Commission struggled hard to find some bright side to look on. "There will be exceptions to the ban, of course," he told me. "Indeed, the first of the exceptions will probably be approved by Ministers, and the jobs to question be advertised in every newspaper."

"What sort of jobs will the exceptions be?" I asked, suspecting that I already knew the answer. And sure enough, I did. "Oh, they'll be for accountants," the official replied. "The month or so which has followed the above conversation has further reinforced the impression that, where job prospects are concerned, it would have to be an almost incredibly ill wind that failed to blow accountants any good."

Reports from university campuses indicate that while the Civil Service has frozen its demand for new graduate staff in general, recruitment is still proceeding merrily for some areas of central Government—notably the Exchequer and Audit branch. Local government also now appears to be cutting its previous orders for new graduate recruits, with the prominent exception of some hundreds needed for accounting jobs.

Asked to explain these phenomena, an expert on graduate recruitment scarcely hesitated before replying: "Well, I expect central Government and local councils think that they will need more accounting staff to help them to work out how best to cut back on employment in other kinds of work." If so, the public sector is merely following the example set by the private sector where marked increases in recruitment of accountants at particular times in the past decade, have been the prelude to extensive dismissals of managers and other kinds of workers.

But the savings of manpower calculated as necessary by the accountants rarely if ever seem to include noticeable redundan-

cies among their own profession, which has consequently acquired a reputation for remarkably high job security. This may well explain the growth of interest in accountancy careers among the nation's young.

Take for instance the number of people known by university careers advisers to have followed graduation by entering training for the chartered branch of the profession. In 1969 the number was 729, or about 4.2 per cent of the total who went directly into all kinds of regular employment in the UK. Last year the number had increased to 2,784, or about 9.6 per cent of the corresponding total.

But the above figures from the universities—which leave out of reckoning large numbers of graduates who have not notified their careers advisers—greatly underestimate the annual intake of people into training for the accountancy profession as a whole.

### Intake

The Institute of Chartered Accountants in England and Wales takes of an annual intake, which it intends to maintain, of roughly 4,500 trainees, of whom probably 3,000-plus are graduates. Degree-winners doubtless make up at least an equal proportion of approximately 500 more youngsters who annually begin training for the Chartered Institutes respectively of Scotland, and in Ireland. A further 4,500 or so probably set out to qualify with either the Association of Certified Accountants or the Institute of Cost and Management Accountants, many of these after taking up relevant jobs in industry and commerce. In addition, some 500 take up similar work in the public service with a view to qualifying with the Chartered Institute of Public Finance and Accountants.

Taken together, therefore, the six main bodies' intake of trainees must now account for about 1 per cent of the annual

output of full-time education, or 10 per cent of those who leave education with two passes at GCE Advanced-level or better—which is generally the minimum qualification demanded for initial entry into accountancy training.

Far from all the trainees pass successfully through the examinations, of course. But at present pass-rates, it seems reasonable to suppose that the total membership of the UK's major accountancy institutes already numbers about 120,000 and is increasing by roughly 4,000 to 5,000 qualified people a year.

Doubtless this expansion is just cause for uncharacteristic jollity in the professional institutes. Probably, on the evidence of the exceptions from the public-sector curbs on recruitment, the expansion bodes no ill for individuals already qualified or set to do so within the next two or three years. But what are the implications for the job prospects of those who will qualify in the middle to later 1980s when, if rates of entry continue at their current levels, somewhere between two-thirds and three-quarters of accredited accountants will be aged under 45?

For a race of people commonly supposed to look on the darker side, those in the institutes are surprisingly cheerful in their answers to this question. Job prospects for accountants will continue to be buoyant for the next five to six years at least, they believe. And they do so regardless of the several provisos which an external observer might think reason for a considerable discounting of optimism.

One proviso is that the advent of a Conservative Government might spell the end to the spiral of work-creation whereby increasing and more complicated taxation has led to the employment of more accountants to minimise tax, which in turn has led to the recruitment of more tax inspectors to minimise the minimisation, and so on. A typical, professional rebuttal of this doubt is that

the reducing and simplifying of tax, even if it were accomplished to a significant degree, would have little effect on the job prospects. "You see, tax avoidance has never been and still isn't an important supplier of jobs for accountants. It's quite wrong to suppose that acres of them are employed to minimise taxation."

A second proviso—the likely effect of microprocessor technology—brings an admission of probable changes in the pattern of demand for accountancy services.

### Shift

One might expect a shift in auditing practices which could reduce the need for people at lower levels of skill. But for the really well equipped, while straightforward industrial demand will probably be static at best, there will probably be a growth in intake for jobs concerned with the financial aspects of management, in governmental work as well as in business concerns.

"And that growth will probably be on an international scale, which is where the British-trained accountants have a particular advantage. As things are, multi-national groups and the like know that, skill for skill, they can recruit a UK accountant for a good deal less than they'd have to pay for similarly reliable people from most other countries."

"The result of our being a relatively cheap source is that a lot of members of the main UK institutes are moving up the management ranks of organisations spanning the world, and they'll not unreasonably prefer to recruit from the same source. Of the 65,000 members of the England and Wales Chartered Institute, for example, over 1,600 are working overseas—8,500 in industry and commerce. And I'd expect the international demand to grow in addition to the need for more

senior people at home." But this confidently expected expansion of demand for people at the higher levels of skill implies a reduced need for qualified staff at junior level, which itself creates a problem of balance tricky enough to tax the most ingenious accountant. For how, given that experience is indispensable to the acquisition of high professional ability, can an increasing need for senior staff be reconciled with a reduced requirement for junior people?

The obvious answer lies in an extension of the minimum period of training required before a student member can become qualified. The Chartered Institute in England and Wales is already tentatively discussing an increase from three to four years in the minimum training period for graduates whose degree-subject is not directly relevant to accountancy. And as the pattern of demand for qualified staff changes over the next few years, one might reasonably expect proposals for extension of the training period required of other types of entrants and by other professional bodies.

This, however, raises an even more difficult problem of balance because any extensions of minimum training would probably have to coincide with a sharp reduction of the number of graduates and Advanced-level school-leavers coming from education, in train of the declining birth-rate. Any accountancy institute which unilaterally lengthened its training period would surely suffer a disadvantage when competing with the other bodies for a smaller supply of potential recruits. But even if all six institutes extended their training periods equally in concert, accountancy would be at a competitive disadvantage in the recruitment market to other professions.

Michael Dixon

# Smaller firms are not submerged

WHILE THE growth of big international firms and the structure of their medium-sized counterparts to keep up have been the dominant themes in recent years, the role of smaller practitioners in accountancy should not be overlooked.

There are at least 12,000 of them dotted around the country—at least that is the number of practices with five or fewer partners according to official estimates. It is, however, unsatisfactory to define smaller practitioners in terms of size alone. Some London firms, for instance, might have only a handful of partners and yet be experts in some specialist field.

Smaller practitioners are best described as those people who deal primarily with the needs of a locality—family businesses, farmers, pubs and shopkeepers—whose work consists mainly of accounts preparation, personal taxation and tax-related advice rather than large company audits.

In an age of corporate mergers and centralised administration, small enterprises of all descriptions have been finding the going increasingly tough. The accountancy profession, however, is an exception to this broad generalisation and it is arguable that the most successful practices are either very big or very small. The outlook for the minnows, in spite of the problems, is surprisingly healthy.

Profits, for instance, are good—thanks to high margins—and demand for their services is strong, while at national level small firms are getting much more recognition than in the past.

### Earnest

The change in attitude started in earnest about four years ago; before then the difficulties of smaller practitioners had been largely ignored. In 1975 the Institute of Chartered Accountants finally responded to criticism that it had neglected the needs of the less mighty. A working party was set up to look into the allegations.

Evidence from the inquiry suggested, among other things, that smaller firms were finding it difficult to train staff and that technical education and publicity were primarily geared to the international firms.

The outcome of the subsequent debate was the establishment of the Smaller Practitioners Advisory Committee (SPAC), consisting of representatives from each of the 21 district societies plus nine small

firm members of the ICA general council.

Nobody pretends that small has suddenly become beautiful but at least this Committee attempts to ensure that the needs and views of smaller practitioners are kept in mind.

The popular idea that smaller firms labour under an unremitting deluge of difficulties is nevertheless refuted by Mr. Peter Dallow, chairman of the SPAC. "Those who think we are surrounded by a ring of problems are perpetuating a myth," he says. "Admittedly, the introduction of VAT brought with it a whole new range of problems but more recently we have had a bit of a respite. Two Companies Bills failed to reach the Statute Book and Mr. Healey's last Budget was pretty quiet. All in all there has not been much significant new legislation in the last couple of years."

This situation may well of course change with the government—changes in capital taxation, for example (Capital Gains Tax and Capital Transfer Tax) will be needed if Mrs. Thatcher's administration is to honour its election pledge.

The reasons for these booming market conditions are difficult to pinpoint. According to Mr. Dallow, the family business, the village greengrocer and the local farmer value the independence and intimacy of the smaller practitioner. Better the local man, they say, than the regional office of a big London firm which might not be particularly sympathetic to their "trivial" problems.

On the other hand, one central London firm, with four partners, attributes its recent record of double profits in the last two years to new tax work and a greater demand for book-keeping services. Others draw attention to the ever-widening variety of services which clients require. It seems that we are doing more and more general financial work as well as pure accounting and tax," says one.

Whatever the reasons, which clearly vary from firm to firm, there appears to be plenty of work for everybody. Even if in many cases profits merely keep pace with inflation, this achievement is the envy of some.

Not everything, of course, is as rosy as it looks. Apart from the extra understanding which will be required if changes are made to the structure of capital taxation, small firms are finding it increasingly difficult to attract quality staff.

This tends to apply at both the top and bottom ends of a practice. In the old days recruit-

ment was mainly based round school-leavers with a couple of CSE passes, but today something like two-thirds of the student intake to the accountancy profession are graduates. Graduates command a higher price tag—they are generally older and academically better qualified—and for this reason there is growing reluctance on the part of smaller firms to allocate money to training.

This trend has serious implications for the future. Peter Dallow, for instance, wonders where the next generation of partners will come from and believes there may be a "succession problem" in the next few years. "There is a strong reluctance on behalf of many people to move from large firms to small. In any case, if they do, they will probably need to be retrained, since trainees in big firms spend most of their time on audit work," he says.

Smaller practitioners also point to the dilemmas they face in the areas such as ethics and accounting and auditing standards.

One London firm describes the Institute's recent ethical guide as no more than a "minor pin-prick" but its senior partner clearly feels that some of the requirements are unnecessarily irritating. For example, accountants are now not allowed to hold shares in companies they audit, a rule which seems perfectly appropriate in the case of a large publicly quoted concern but which is hardly relevant in a small private company.

Accounting standards are perhaps of greater significance. The debate over current cost accounting has been of particular interest to smaller practitioners who are very concerned that many of their clients will be forced to produce separate inflation accounts. The SPAC has been pressing the Institute to exempt smaller businesses from some of the provisions of ED 24.

Peter Dallow does, however, detect the appearance, in the form of competition from the clearing banks, of at least some threatening storm clouds on the horizon. Smaller practitioners in a number of areas have reported a number of cases where branch banks are offering clients an accountancy service.

For the moment, however, smaller practitioners should see continued demand for their services and further prosperity as a result.

Tim Dickson



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# Battle of the white collar unions

BY ALAN PIKE



Mr. Ken Gill, of the Engineering Workers (left), and Mr. John Lyons, of the Power Engineers.

THE BRITISH Electricity Council made an attempt to disguise the amount of disruption the industry's 2,000 power engineers could cause when talks on their pay claim broke down.

They can check the level of disruption which might be caused by the industry and the public, the council said. When two power stations went out of action, the council said, the effect was not as serious as it might have been.

## Crucial time

The threatened power engineers' dispute is at a crucial time for the Engineers and Managers Association at the moment probably the most controversial union in the TUC.

professional employees is fundamental to EMA thinking and to its case justifying the existence of a separate union catering for such staff. A good, convincing win in power supply—where the EMA has industrial strength—could do its wider credibility nothing but good.

The outcome of the dispute between the EMA and other TUC unions will do much to determine the way in which middle class trade unionism develops for many years to come. Stated simply, the EMA believes that the special needs, interests and responsibilities of professional employees must be catered for by their own separate, non-political union.

currently in unions there are rich pickings, both in members and prestige, waiting for some unions if the council's campaign to persuade engineers to get themselves organised is successful. At present the EMA benefits from being the only TUC-affiliated union which meets all the council's criteria for suitability in the private sector.

shown at all times by a conscientious professional man and his concern for the long-term welfare of his company and for the public interest. This does not mean that the council is suggesting that professional people should never take industrial action—but it believes that it should happen only after all attempts at mediation have failed and should be supported by a substantial majority of those involved in a secret ballot.

The battle to recruit private-sector engineers is at times conducted with considerable vigour. Last month Mr. Lyons attacked the TASS leadership in the sort of terms which, by unwritten law, are simply not used by one TUC union against another, accusing it of "jack-

boot trade unionism." He did his best to open up what he clearly sees as a credibility gap between the TASS leadership under Mr. Ken Gill, general secretary and a leading member of the Communist Party, and the typical professional engineer. British engineers and managers, Mr. Lyons declared, would not be forced into a Communist-led union. The Engineering Employers Federation got the sharp edge of Mr. Lyons's tongue in the same speech with an allegation that it was keeping TASS as the main union for senior staff in the utterly cynical hope that none would join. The EMA has scored some notable successes in its drive to establish itself as the natural

published any time now. The EMA has to face the fact that—whether Mr. Lyons's assessment of the motives of the engineering employers is correct or not—employers remain reluctant to extend recognition to other than established unions. And it has in TASS a powerful and efficient foe which is as passionate as the EMA about recruiting professional engineers. TASS, which dismisses the EMA as a "small union from the electrical supply industry," argues that the arrival of inexperienced organisations would result in "industrial chaos, fragmentation of collective bargaining rights and constant inter-union problems." It has published agreements which, it says, demonstrate that TASS can protect the special interests of professional employees. The report of the Council of Engineering Institutions admitted that both TASS and the Association of Scientific, Technical and Managerial Staffs are "anxious to be able to accommodate professional people on terms that would be fully acceptable to their chartered bodies." Although it is not yet prepared to endorse TASS and ASTMS, talks are continuing and the council has shown, with its efforts to encourage engineers to join unions, that it is capable of radical thought. The debate about how professional people should be organised has not been won by either of the two union sides yet. If TASS did gain the endorsement of the engineering profession it is a step which would increase the EMA's need to enter the Confederation in order to keep the fight on equal terms. Two-Front war. It will have to proceed with the greatest of care to prove to potential members that it is not a paper tiger—without upsetting those with qualms about taking industrial action that hits the public...

## Lost merger

The EMA looks like losing the chance of a merger with UKAPE, something which has for long looked a natural marriage. Its leaders are talking instead to the Electrical and Plumbing Trades Union's white collar section and draft amalgamation terms could be

## Letters to the Editor

### The City and the Budget

From Mr. D. S. Ridgway  
Sir, I was very interested to see the letter from Mr. John Baker, Whitehall, in the Budget, which expressed the views of the City. I have been reading the Budget and the Budgetary Statement and I am sure that the City is not alone in feeling that the Budget is a disaster. I am sure that the City is not alone in feeling that the Budget is a disaster. I am sure that the City is not alone in feeling that the Budget is a disaster.

### Definition of VAT

From Mr. K. A. Bishop  
Sir—Mr. J. B. S. Birch in his letter (June 29) has been somewhat selective in his complaint about the effects of VAT. While endorsing his comments regarding the disastrous effects on the arts, I suggest that the "grass roots" effect is a far more serious consideration for the majority. At a stroke, prices on practically every commodity increased by 7 per cent. One only has to go to any large store to see the increase rapidly written by hand, overnight, on the goods displayed.

### Changes in motor insurance

From Mr. A. P. Benson  
Sir—In your issue of June 25 your Insurance Correspondent raised the matter of the current adequacy of the £15,000 deposit which the Road Traffic Act, 1972, permits as an alternative to the taking out of personal liability insurance. This amount, unaltered since 1950, may indeed be too little and it is typical of the many undated and historically outdated fixed sums which still lie unaltered in many statutory provisions.

### Post Office services

From Sir Jan Lewando  
Sir—Your thoughtful leader on June 28, while helpful, needed a few more constructive ideas, as follows:  
1. There could be a connection between the introduction of first and second class mail, and the deterioration in the standard of the postal service. There could be a good case for simplification by reverting to one class only, which must be easier to administer, and should improve productivity.

### Handling of cheques

From Mr. Charles Simons  
Sir—Recent experience of a surprising defect in the handling of cheques may be of interest.  
I wrote a cheque for a four

## Today's Events

- UK: British Steel Corporation publishes annual report.
- Cabinet meeting.
- Mr. Michael Foot, Labour Party deputy leader, addresses National Union of Railwaymen's conference, Palngton, Devon.
- National Union of Mine-workers' conference continues, St. Helier, Jersey.
- Canadian Red Indian Chiefs lobby on their constitutional rights, House of Commons, London.
- Sir Kenneth Clark, Lord Mayor of London, lunches with chairman and committee of Automobile Association, Farnham House; dines with the Archbishops of Canterbury and York.
- Mansion House.
- National Union of Blast-furnacemen's conference opens, Torquay.
- Engineering Industries Association exhibition opens, Brighton (until July 4).
- Overseas: Lord Harlech, Mrs. Thatcher's special envoy, arrives in Salisbury, Zimbabwe Rhodesia, for talks with Bishop Muzorewa.
- U.S. Senate majority leader, Senator Robert Byrd, in Moscow to discuss SALT II (until July 6).

## COMPANY RESULTS

- Final dividends: Geo. Bassett, Edinburgh and Geopert Investments, Henderson - Kenton, Imperial Continental Gas, London and Midland Industries, A. Monk and Company, Remcore, Interim dividends: Lincoff Kilgour, SGB Group, Sotheby Park, Bermet, Winterbottom Trust.
- COMPANY MEETINGS: Belgrave (Blackheath), Plough and Harrow Hotel, Hagley Road, Birmingham, 12, Lamont, North British Hotel, Princes Street, Edinburgh, 12, Marks and Spencer, Intercontinental Hotel, Hamilton Place, W. 12, More O'Ferrall, Brown's Hotel, Albemarle Street, W. 12.



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### Publishing bank charges

From Mr. A. P. Benson  
Sir—Mr. Mackay's complaint in your issue of June 27 that



UK COMPANY NEWS

Companies and Markets

**£4.5m rise by Mercury Secs.**

BOOSTED BY a sharp jump from £0.32m to £2.27m in earnings from metal trading and refining, attributable profits of Mercury Securities advanced from £10.32m to £14.86m for the year ended March 31, 1979.

The result was after tax, minorities and transfer by the main subsidiary, S. G. Warburg and Co. to inner reserves. Profits included a £4.16m (£2.25m) credit for provision for deferred tax no longer required by subsidiaries, and £4.1m from associates.

Earnings per 25p share are shown as 25.13p (16.98p) before the credit, and as 34.91p (24.25p) after. The dividend is lifted from 3.7848p to 6p net.

The credit refers to stock relief (or similar overseas tax relief) of the group's metal trading subsidiary, Brandeis, Goldschmidt and Co. whose directors say that, in addition to the £2m released last year, a further £5.55m can be released to reserves having regard to the minimum stock levels, which they envisage on a continuing basis.

At the interim stage, the directors said that profits for the first six months were higher than those for the same period of the previous year.

S. G. Warburg profits expended to £13.09m (£9.86m). While metal trading and refining profits showed a sharp increase, its earnings from merchant banking, after transfer to inner reserves, rose from £5.65m to £9.82m, and those from insurance and shipping were up from £0.91m to £1.2m.

Mercury Securities profits of £1.06m (£0.91m) were made up

of employee benefit consultancy, £0.59m (£0.53m), with the balance from other activities.

After minorities, £3.45m (£2.71m), the deferred tax credit, and dividends, which absorb £2.56m (£1.61m), retained surplus emerged ahead from £8.71m to £12.3m.

In addition to the retained balance, disclosed reserves have increased by £1.25m principally due to an adjustment in respect of a change in the basis of valuation of metal stocks in the U.S. subsidiaries of Brandeis, Goldschmidt.

See Lex

**CGSB falls and cuts payment**

TAXABLE PROFITS of CGSB Holdings, the motor engineer and distributor, tumbled more than £100,000, and the group is cutting the dividend.

On turnover ahead from £7.9m to £8.35m the surplus fell from £149,800 to £32,400 for the half year ended March 31, 1979. For the previous year pre-tax profits were virtually static at £33,934 (£32,047).

The net interim dividend per 10p share is being cut from 0.44p to 0.2p. The total last year was 1.5912p.

After tax of £16,800 (£30,500) stated earnings per share are shown to be down from 1.67p to 0.34p.

INCLUDING PROPERTY disposal profits of £395,000 against £40,000, taxable surplus of Courts (Furnishers) finished the March 31, 1979, year ahead by £1m at a record £5.89m. Turnover, including VAT, rose from £47.1m to £49.1m.

The directors state that overseas turnover, in the current year, has been at a higher level than the corresponding period last year. In the UK the VAT change led to exceptionally increased business, they add, although sales, even prior to the Budget, had shown an increase on the comparative period.

At the interim stage profits had risen from £1.9m to £2.71m. After the year's tax charge of £2.68m, compared with £2.28m earnings are shown as 21.2p per 25p share against a previous 16.18p.

The dividend is stepped up to 3.70233p (3.54668p) net with a final payment of 1.99018p, and a one-for-two scrip issue is proposed.

Also announced is an additional dividend for the year of 1p. It is intended to maintain the dividend per share on the increased capital.

1978-79 1977-78

Turnover (inc. VAT)	49,067	47,102
Prop. discounts	355	40
Profit before tax	5,284	4,883
Minority interests	2,554	2,254
Net profit	3,210	2,629
Exchange losses	80	96
Minority interests	192	250
Available	2,938	2,283
Dividends	696	516
Retained	2,242	1,767

UK results were adversely affected in the last quarter by the bad weather conditions, the directors state.

They add that overseas earnings were reduced as a result of the strength of sterling. But for the movements in exchange parities, turnover and profits for the year would have been £31.95m and £3.51m respectively.

New stores were added in the UK during the year, and extensions to existing stores and relocations took place. Since the end of the year a new store has been added; further conservative expansion is anticipated in the UK and overseas, the directors state.

● **comment**

Courts has surged off the £4.8m profit plateau on which it has

**HIGHLIGHTS**

Lex looks at the full-year figures from Mercury Securities. Profits-growth appears impressive and news of the hefty dividend rise helped boost the shares by 11p to 172p.

Turnover, including VAT, rose from £47.1m to £49.1m. The annual report comes in for comment and Lex also highlights activity in the gilt-edged market, and the long tap was exhausted and gains of almost three points were noted in parts. Elsewhere, Heywood Williams has achieved its forecast despite the winter's problems, and Conris has produced reasonable growth after stripping out property disposals and adjusting for the distortion of deferred profit transfers.

languished for the past two years. The latest figure does include a bigger than usual contribution from property sales but the transfer from the deferred H.P. Account (which inflated the first half figures by £300,000) was almost matched in the second half by a transfer to the account. Stripping out both influences suggests an underlying trading profit improvement of around 13 per cent. Courts, like most

**Beecham emerging as major U.S. force**

Beecham Group is now well on the way to becoming a major force in pharmaceutical and consumer products markets in the U.S. "The importance of this can scarcely be exaggerated," says Mr. G. J. Wilkins, the chairman.

Out of \$923m (£838m) sales and £146.4m (£142.5m) trading profit in 1978-79, North and South America accounted for £165m (£163m) and £18.9m (£21.7m) respectively. Capital spending in the region was \$25m, against \$29m out of a total of \$33.3m (£41.5m).

In the current year spending in the U.S. will include significant advertising and promotional cost of launching Aqua-fresh toothpaste nationally.

The group's results for the year to March 31, 1979, when taxable profit was up from a restated £139.4m to £144m, illustrates the wisdom of giving as much attention and emphasis to expansion of consumer products business as to the growth of pharmaceuticals, says Mr. Wilkins.

Although it made good progress in most parts of the world, Beecham Pharmaceuticals encountered problems outside its control. In some markets which largely neutralised its achievements in others. In consequence trading surplus on pharmaceuticals was only modestly high and, after exchange rate movements showed a decline from \$86.9m to \$84.3m. This fall was more than offset by the advance by Beecham products.

With consumer product sales up at \$599m (£526m) trading profit reached \$54.9m (£47.3m). Analyses on a geographical basis sales and trading profit shows: UK £208.9m (£209.5m) and £31.7m (£26m); Western Europe £280.4m (£284.6m) and \$49.5m (£50m); North and South America £165.1m (£163.1m) and £18.9m (£21.7m); and other areas £168.7m (£159.9m) and £38.1m (£36.5m). Plus £7.2m (£6.3m) royalty income.

Last August, as known, the group bought Scott and Bowe, an unlisted UK consumer products company, for £14m cash from its own resources.

The rights issue in November raised £79.5m which helped raise net liquid funds by £51.1m to £135.1m at year end.

Loans were reduced by a net amount of £28.9m to £32.3m, mainly due to reclassification of £19.9m as short-term borrowings which were ahead from £7.8m to £26m.

Beecham Inc. arranged a private note placement of U.S.\$65m in the U.S. which was guaranteed by the group. \$19.5m of the placement was received in December 1978 and the balance will be received in

retailers, was hit by the poor January sales and the sluggish recovery in February and March. Also the strengthening pound has not helped the conversion of overseas profits into sterling on up by around a third and a further increase will come next year from the proposed scrip issue. The shares, at 142p, have a fully taxed p/e of 7.5 and a yield of 4.8 per cent.

August 1978. The proceeds from this placement will be used to refinance borrowings incurred in connection with the acquisition of S. E. Massingill Company and S. Calgon consumer products business in previous years.

Capital spending commitments amounted to £16.5m (£21.6m) at March 31 and a further £48m (£58.2m) had been authorised but not contracted.

The net dividend is stepped up to 21.1375p (18.65p) as reported. May 25, and a three-for-one scrip issue is proposed.

During the year in the UK, site work began for the major plant which is to be built at the Irvine pharmaceuticals factory and some progress was made in rationalising and modernising the company's Worthing pharmaceuticals factory. At the same time a number of important projects continued in the food and confection and some were completed.

Beecham Group and Beecham Inc. agreed in 1978-79 to three settlements at cost aggregating some \$5m, covering substantially all pending civil suits alleging violation of American anti-trust laws. The settlements in the group's semi-synthetic penicillin business in the U.S. All claims have been dismissed by the court and appeals, if any, are not expected to be successful.

Full provision for the settlement of favourable changes in the world economic situation, says Mr. D. Randolph, the chairman, in his annual statement.

As reported June 22, despite a difficult year (taxable profits rose 33 per cent from £14.3m to £19m for the 12 months ended March 31, 1979, on turnover of £272m (£262m)). However, the chairman warns that the problems of last year's second half are persisting.

On a current cost basis, pre-tax profits emerged at £12.39m against £10.05m, after additional depreciation of £3.14m (£2.13m), cost of sales £5.48m (£5.79m), partly offset by a £3m (£1.67m) gearing adjustment.

Because of the seasonal nature of its business, consequent upon recent changes, the group is to alter its year-end from March 31 to September 30, and accordingly

**Heywood Williams meets forecast with 91% leap**

WITH A 91 per cent leap in pre-tax profits from £541,000 to a record £1,052,000 for the year ended April 30, 1979, Heywood Williams Group is in line with the directors' forecast of around £1m made at the interim stage and later reaffirmed in April. The midway result was more than doubled from £518,000 to £372,000.

Mr. Douglas Oliphant, executive chairman, expresses confidence about the future despite the many problems of the current economic climate. He says it is too early to make any qualified profit forecast for this year, but early returns from the group's operating units are encouraging.

However, he is certain of another record profit in 1979-80, representing an increase in earnings per share coupled with an improved asset backing—and a higher dividend.

Adjusted for the subdivision from 50p shares into 25p shares, stated earnings jumped by 53 per cent from 8.5n to 12.9n, and the net dividend total if lifted to 3.46p (2.346p), covered over three times, with a 3.45p final.

The chairman adds that the group is looking for a considerable increase in results this year. On the trading front, he says internal budgets have been set very substantially above last year's figures.

But for the bad winter weather and the impact of secondary picketing as a result of the rouble strike, the group's profits would have been even higher. In overall terms, estimates Mr. Oliphant, these two factors have cost around £200,000 in profits.

Last year's bid moves in the U.S. look the group into restaurants and hotel management, but for the time, acquisitions are now more likely to be in the UK.

The group, which has tax losses of some £3.1m on the home front to carry forward, is not only looking to add up its margins, but also prepared again to move into new areas.

Mr. Oliphant says the group

will be looking for a business with minimum profits before tax of some £250,000. Meanwhile, capital spending this year is likely to come out close to £2m. A geographical and divisional breakdown of turnover—up 24 per cent to £21.2m—and taxable profits shows, with £500A qualified—UK products for building industry in aluminium and glass, £14,897 (£14,436) and £223 (£202); U.S.—restaurants and hotel management, £4,537 (£4,111) and £366 (£311); South Africa—operating units sold April, 1979, £1,963 (£2,536) and £37 loss (£61 loss).

Major profit contributors in the UK were aluminium extrusion, patent glazing and glass merchandising. The Apollo window activity turned a loss last year into a reasonable profit for the future.

In the past year, the group has doubled its extrusion capacity, ordered a new anodising plant to come on stream in October, 1979, extended its glass wire house floor space by 25 per cent, opened four new home improvement shops and launched a variety of new or improved product lines. It recently purchased a sealed glass unit manufacturer in Scotland.

Initial contribution from the U.S. in restaurants and hotel management has been satisfactory, and the chairman says the purchase of two additional businesses make the future look bright.

These two businesses comprise: Mr. Drumstick, a chain of ten family restaurants in small towns in South Illinois, and Budget Motels and Hotels of America Inc., which operates a booking and supply service for over 700 hotels.

The South African operation is sold apart from tenanted properties and retained cash which will ensure a small profit from this source in the future. The group now has no employees in South Africa.

Tax for the year took £159,000 (£100,000) and there were extraordinary debts of £222,000 this

time. Payments absorb £25,000 (£128,000), leaving the retained balance little changed at £418,000 against £411,000.

On the balance sheet, shareholders' funds were up by 24 per cent to £4,75m. Borrowing, loans, other than capitalising of lease commitments, have fallen by £465,000 or 29 per cent, to £2,39m to £2,16m. But net result assets decreased from £2.89m to £1.47m.

At the year-end, directors' share and former employees held 24 per cent of the equity in British Aluminium and British Assurance held 9.9 per cent and 5.8 per cent respectively.

● **comment**

Heywood Williams has achieved its forecast in spite of weather, problems and the driver's strike during January. February, factors which probably trimmed back profits around £0.2m for the year, suggests the company's management over the past 10 years is paying off handsomely. Apart from the closure of the troubled architectural production division, HW has now sold off its loss-making South African investment, returned the Apollo window activity to the main and diversified into the U.S. with three potentially fertile acquisitions. One of them, a hotel management company, was effectively bought for nothing by new capital, in the possible return to income-producing assets worth \$5m, a deal impossible by U.S. tax laws. At home, the important aluminium extrusion business is coming through strongly on the back of higher demand and the capacity in the West Midlands. In the U.S., the expected sharp increase in the price of aluminium, steel and glass, which will undoubtedly affect demand. The shares rose 9p yesterday to 142p, where the p/e is 6.8 and the yield 4.8 per cent—a rating which does not appear to be discounted the expected growth.

**Wilkinson Match soundly based for longer-term growth**

Although profits in the current half year are expected to be lower than last time, in the longer term Wilkinson Match has a sound business with good prospects for growth worldwide, and its well placed to take advantage of favourable changes in the world economic situation, says Mr. D. Randolph, the chairman, in his annual statement.

As reported June 22, despite a difficult year (taxable profits rose 33 per cent from £14.3m to £19m for the 12 months ended March 31, 1979, on turnover of £272m (£262m)). However, the chairman warns that the problems of last year's second half are persisting.

On a current cost basis, pre-tax profits emerged at £12.39m against £10.05m, after additional depreciation of £3.14m (£2.13m), cost of sales £5.48m (£5.79m), partly offset by a £3m (£1.67m) gearing adjustment.

Because of the seasonal nature of its business, consequent upon recent changes, the group is to alter its year-end from March 31 to September 30, and accordingly

The directors say the second half has started well and, if the changes introduced in the Budget do not have too severe an effect, they expect full-year results to show an improvement on the £71,000 surplus achieved last time. The 1978-79 year-end results were higher at £17,56m (£13.49m).

There was a net inflow of funds of £1.83m compared with a £6.12m outflow a year earlier. Meeting, The Institute of Directors, SW, July 26, 11.30 am.

● **Glanfield Lawrence**

A turnaround from a loss of £15,000 to a taxable profit of £40,000 in the half-year to April 1, 1979, is reported by Glanfield Lawrence, motor vehicle distributor and engineer.

Profits were struck after higher interest of £118,000 against £73,000. Turnover, excluding tax, rose from £4.25m to £5.21m.

**DIVIDENDS ANNOUNCED**

Company	Current payment	Date	Corre. Total	Total last year
			div. year	year
Belt Bros. .... int.	1	Aug. 20	0.77	1.3
Chemring .... 2nd int.	0.8	July 20	—	1.44
Courts (Furnishers) ...	1.92	Oct. 15	1.99	3.7
Heywood Williams ...	2.45	Aug. 3	0.67	3.46
Mercury Secs. ....	6	—	3.78	6
Sutcliffe, Spearman ...	Nil	—	1.07	1.32
Sutcliffe, Spearman ...	Nil	—	1.07	1.32

Dividends shown pence per share net except where otherwise stated. Dividends shown pence per share net except where otherwise stated. Dividends shown pence per share net except where otherwise stated. Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 1p now payable.

**The Continental and Industrial Trust Limited**  
and its Subsidiaries  
(Managed by J. Henry Schroder Wagg & Co. Limited)

The Annual General Meeting will be held at 120 Cheapside, London, EC2V 6DS on Wednesday 25 July 1979 at 12.30 p.m.

Details from the Report and Accounts for the year ended 31 May 1979

	1978	1978
	£	£
Total Revenue	2,882,317	2,473,720
Less: Expenses	150,766	137,265
Interest	779,038	516,980
Net Revenue before taxation	1,952,513	1,819,535
Less: Taxation	692,510	654,270
Preference Dividend	38,500	38,500
Net Revenue available for Ordinary Dividend	£1,121,503	£1,126,825
Eamed on Ordinary Shares	7.21p	6.65p
Ordinary Dividend paid (net)	7.20p	6.40p
Net Assets attributable to:	£'000	£'000
Currency Loans	3,811	4,106
Debenture Stocks	3,992	3,998
Preference Shares	1,000	1,000
Ordinary Shares	60,162	43,946
Total Net Assets	58,965	53,050
Net asset value per 25p Ordinary Share	296.1p	259.4p

Copies of the Report and Accounts are available from the Secretaries, J. Henry Schroder Wagg & Co. Limited, 48 St. Martin's Lane, London, WC2N 4EJ.

**ISSUE NEWS**

**Grand Metropolitan 90% taken up**

Shareholders in Grand Metropolitan have taken up nearly 90 per cent of the £20.5m cash call made last month.

S. G. Warburg and Co., the underwriters, announced late last night that acceptances were received in respect of 57.27m new ordinary shares of 50p each, representing 89.5 per cent of the new shares offered on the basis of one-for-one at 125p each.

The rights issue is the largest so far this year. Grand Metropolitan's last rights issue was in October, 1975, when shareholders were asked to put up £27m.

The new ordinary shares not taken up have been sold at a premium. The net proceeds (estimated to be 10.7p per share after deduction of the issue price and expense of sale) will be remitted to the persons to whom the new ordinary shares were provisionally allotted, save that where such net proceeds in respect of any one holding amount to less than £1 they will be retained for the benefit of the company.

**FAIRLINE**

Shares of Fairline Boats, the Northampton-based manufacturer of motor cruisers, reached 102p when dealings started yesterday—a premium of 27.5 per cent on last week's placing price of 80p.

The price had earlier opened at 85p but, after peaking at 102p, it settled back to end the day at 98p, which values the company at around £3.4m.

A total of 35 per cent of the company's shares were placed. Jobbers said yesterday there was a good institutional following for the shares, for which there was "a fair amount of demand."

**SCOTCROS**

Scotcros announces that the rights issue of £1,748,133 new ordinary shares has been accepted in respect of 1,652,098 (£4.45 per cent).

**Norcros Limited**

*A year of growth*

JOHN V. SHEFFIELD, CHAIRMAN, REPORTS:

- Group pre-tax profits a record
- Group margins improve again
- Capital expenditure at all time high

Financial summary of the year to March 31st, 1979:

	1979	1978
	£'000	£'000
Group sales up 8% (including share of associate companies' sales)	212,565	196,543
United Kingdom sales up 15%	146,300	126,290
Overseas companies sales up 25%	32,138	25,790
Capital expenditure up 29%	8,239	6,367
Pre-tax surplus up 18%	17,168	14,512

Dividend per Ordinary Share 4.93p 4.42p

The Annual General Meeting will be held on 23rd July 1979. Copies of the Report and Accounts are available from The Company Secretary, Norcros Limited, Reading Bridge House, Reading, RG1 1QF.



This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.

**Citicorp Overseas Finance Corporation Limited**  
(Incorporated with limited liability in the British Virgin Islands)

U.S. \$100,000,000 6 3/4% Guaranteed Notes Due 1980  
U.S. \$200,000,000 7% Guaranteed Notes Due 1981

Unconditionally guaranteed by

**CITICORP**


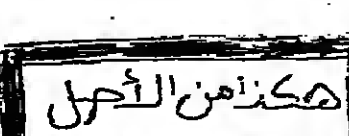
Citicorp Overseas Finance Corporation Limited (the "Company") has assumed the obligations of Citicorp Overseas Finance Corporation N.V. ("COFC"), effective July 2, 1979, in respect of the 6 3/4% Guaranteed Notes Due 1980 and the 7% Guaranteed Notes Due 1981 (the "Notes") issued by COFC under a Fiscal Agency Agreement (the "Fiscal Agency Agreement") dated as of October 15, 1977 among COFC, Citicorp and Citibank, N.A. The assumption was made pursuant to Paragraph 7 of the Notes by Amendment No. 1, dated as of July 2, 1979, to the Fiscal Agency Agreement.

New Note certificates will not be issued to reflect the assumption by the Company, and the Guarantee of Citicorp will remain in effect. The Notes Due 1980 and Notes Due 1981, as obligations of the Company, have been admitted to the Official List of the Stock Exchange.

Particulars of the Notes are available in the Extel Statistical Service and may be obtained during usual business hours up to and including July 17, 1979 from:

Cazenove & Co.,  
12 Tokenhouse Yard,  
London EC2R 7AN

July 3, 1979

**BIRMINGHAM District Council**

Floating Rate Stock 1983/85

For the six months from 3rd January, 1980 to 3rd July, 1979 the interest rate on the above stock will be £14.06375 per annum.

Morgan Grenfell & Co. Limited.



# UK COMPANY NEWS

## Satelife £0.41m deficit after Middle East costs

AS FORESEEN last December, the unsettled situation in the Middle East and difficulties in the brickmaking plant adversely affected second-half profits of Satelife SpA's subsidiary.

After £700,000 costs against engineering contracts in the Middle East, the group finished the March 31, 1979, year with a net loss of £407,000 compared with a £400,000 profit last time.

The group's directors have continued its expansion programme.

Turnover fell from £2.5m to £2.2m and the operating loss was £1.1m. The final dividend for the year is 1.3184p (2.3359p) per share.

The directors say the £400,000 deficit, which includes provision for the estimated expenditure required to overcome the difficulties together with the cost incurred during the year, has been written off as abnormal costs.

At the end of the directors reported profits little changed at £222,000 but said that a half in the brickmaking plant sales, with consequent profit problems in the Middle East, would adversely affect second-half results.

Pre-tax figure was after interest of £103,900 (£116,000) but was before a tax credit of

## Chamberlin and Hill outlook satisfactory

Despite reasonable demand for machinery products at Chamberlin and Hill there has been a sharp fall in order intake from one specialised market sector at its Leitchfield works. As a result activity there has been cut back and short time working introduced.

Says Mr. Martin, the chairman: "Every effort is being made to introduce new types of work to make good the shortfall, but the problems are likely to remain for several months of the new financial year, due to the length of time needed to effect the necessary changes."

Nevertheless, the outlook is satisfactory and the prospects for improvement in the foundry activity are good, he adds.

On the non-foundry side, the group has considerably strengthened its activities in the electrical engineering field by the

acquisition, in February, of Solenoids and Regulators. This new subsidiary is expected to make a substantial contribution to profits in the current year.

Profit for the year to March 31, 1979, was a record £743,258 (£618,887) on sales up from £7.56m to £8.55m—as reported May 22. During the year the net outflow of funds was £50,902 compared with a £128,500 inflow.

At year end cash stood at £1,304 (£1,327) and bank overdraft was down at £155,599 (£234,592). Capital commitments amounted to £485,245 (£108,700) of which £85,611 (£84,700) had been authorised but not contracted.

## NCR profits rise mid-way

For the first six months of 1979 taxable profits of NCR, subsidiary of NCR Corporation of U.S., rose from £2.79m to £4.53m on turnover of £37.6m against £33.08m.

The increases are mainly due to the improvement in incoming orders following the release of several new products.

Exports for the first half show a 45 per cent increase over the corresponding period last year, the directors state.

## Three life assurance companies increase terminal bonus rates

Three leading life companies have announced improvements in their terminal bonus rates, payable on death or maturity claims as from July 1.

The General Medical and General Life Assurance Society has lifted the extra benefit with effect from July 1, 1979, to 25 per cent of the basic sum assured for each policy year with a proportionate addition for an uncompleted year. Thus a policyholder aged 49 at outset paying £10 per month under a 25-year contract will now receive an extra £175 at maturity, making a total of £6,584.

The company has also doubled the terminal bonus rate on personal pension contracts to 12 per cent of the nominal fund and increased the open market option from 98 per cent to 100 per cent of the nominal fund.

The Norwich Union Insurance Group operates a complex terminal bonus system with rates depending on the year a policy was taken out. The new scale, based on each £1,000 of basic sum assured, ranges from 25 per cent for contracts taken out in 1973 to £1,250 for one taken out in 1932 or earlier. The previous scale ranged from £30 to £1,250 respectively.

A policyholder now aged 54 who took out a 25-year endowment in 1964 for a provision of £18 per month would receive £8,716 at maturity on the new rates, against £8,521 on the old rates.

Both companies say this latest increase reflects the improved returns on the investments and the underlying firmness of the equity market. By adjusting the terminal bonus rates, this benefit

is passed on to the policyholders whose contracts are about to mature. The Norwich Union last increased its rates at the beginning of the year, but the CMG previously lifted its rate in the middle of 1977.

The Scottish Widows' Fund and Life Assurance Society also operates a complex bonus system depending on the year the policy was effected. The new scale varies from 25 per cent for 1969 to 225 per cent for 1950 or earlier, the rates being applied to the basic sum assured and attaching bonuses.

The previous scale ranged from 3 per cent to 25 per cent. However, the changes in rates for intervening years is not uniform. The largest increase occurs for year of entry 1957 where the new rate is 17 per cent compared with 14 per cent.

## Staveley borrowings rise but within gearing levels

There was an increase in the level of working capital at Staveley Industries in the year to March 31, 1979, Mr. Harry Moore, chairman, says in his annual statement. This was due to the continuing growth in turnover and a deterioration in trading conditions and terms of payment in some of the group's business areas.

The latter trend is unlikely to be so pronounced in the current year, he adds.

As a result of these factors borrowings rose substantially compared with the exceptionally low level last time. They are, however, still well within levels of gearing which we consider to be comfortable, the chairman says.

The borrowings over £2m are tax-secured certificates which have so far yielded about 7 per

cent more than their cost. Even disregarding this and other investments, the chairman says, the group has ample resources available for internal growth and further acquisition, and for a continuation of the capital investment programme.

Overall, the group does not expect gearing during the current year to change very significantly.

As reported on June 15, profits for the year to March 31, 1979, were £11.95m, compared with £15.02m for the previous 18 months, annualised to £10.01m.

The chairman expects a further increase in turnover and profits in the current year, mainly in the second half.

Of the foundry products and abrasive group, he expects a marked recovery from the set-

back in the year just passed, when profits fell from an annualised £2.58m to £1.29m.

He is confident of significant growth in business and profitability at the electrical and mechanical services group, particularly during the second half.

The machine tools and engineering group is expected to produce satisfactory results, while the progress and growth of the Satter group is likely to continue.

Significant profit growth is anticipated from North American operations, through expansion in electrocoat's profits and the continuing improvement likely to be the profitability of the Canadian operations.

Meeting, 12, Great George Street, SW, July 24 at noon.

## Braby Leslie Ltd

Manufacturers of drums, storage vessels, process plant and special fabrications for the petro-chemical, process and brewing industries, diesel generating sets, aircraft ground support equipment, domestic products and civil engineering.

	Year to 31st March	1979	1978
		£000	£000
Turnover		31,630	31,376
Profit before Taxation		2,091	2,390
Taxation		512	383
Extraordinary items		—	7
—profit on sale of Tam's Lough Quarries Ltd.		323	—
Net profit attributable to shareholders		1,902	2,014
"Gross" dividend per share		7.2836p	6.6287p
Earnings per share		15.5p	19.9p
Net tangible assets per share		88.4p	74.7p

The Group had a satisfactory year, producing a pre-tax profit higher than in any year other than 1977-78, in spite of the poor business climate.

The reduction was due to a downturn of approximately £500,000 in the profit of S. Briggs & Co. Ltd., caused by intense competition and a decrease in orders for brewing equipment.

Most subsidiaries produced good, and in the case of Deeside Metal, Edgill, Economic Gas and George Leslie, record results, despite some order books being lower throughout the year.

Auto Diesels achieved an excellent result with exports of 51% in a smaller export market, while in the U.K. its share of the generating set market increased against severe competition. Braby Liverpool could have achieved record results but for the road hauliers' strike.

The Board looks to the future with cautious optimism, despite some anxiety concerning the steady rise in the rate of inflation and the world energy situation.

Copies of the Report and Accounts may be obtained from The Secretary, Braby Leslie Limited, Cowley Mill Road, Uxbridge, Middlesex UB8 2QG.

# TESCO

## Checks in with Record Net Profit of £37.7m



Mr. L. Porter Ph.D. (Hon.) Chairman

The net profit this year was the highest ever, increasing by £9.1m to £37.662m.

Turnover: Sales broke all records and increased by £257m to £1,236m. This confirms, after allowing for inflation, a volume increase in excess of 15% and continuing growth in market share.

Dividend: Final Dividend is increased by maximum permitted by Treasury, from 0.9233p to 1.1939p.

Store Development Programme: During 1979/80 it is planned to open a further sixteen stores, which together with major extensions will increase selling area by over 500,000 sq. ft. A most notable extension is at Weston Favell which will create a sales area of 96,500 sq. ft. on one floor making it the largest superstore in the group.

Energy Savings: Savings this year should exceed £1m, roughly 10% of previous cost. Further economies are planned.

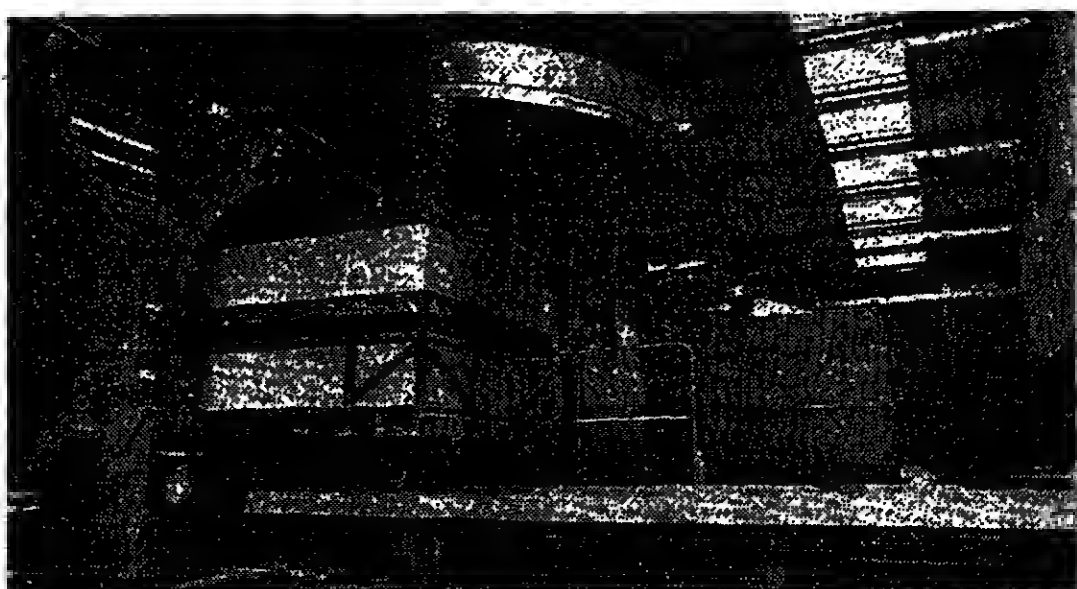
Future Prospects: The current level of trading is progressing favourably and your Board anticipate that this year will again prove to be one of record profitability. The Tesco 'Checkout' Credit Card will be adding an exciting innovation to the groups trading operations.

TESCO means real value for shoppers, staff and shareholders

1977/78 £28,562m	31.86% Net Profit Increase. 1978/79 £37,662m
1977/78 £979.3m	26.20% Turnover Increase. 1978/79 £1,235.9m
1977/78 0.9233p	29.31% Final Dividend Increase. 1978/79 1.1939p

Copies of the Annual Report and Accounts available from the Secretary, Tesco Stores (Holdings) Ltd., Tesco House, Delamare Road, Cheshunt, Waltham Cross, Herts, EN8 9SL.

# Further constructive moves from Turner & Newall



£4 million investment in lightweight concrete building blocks



£3 million construction materials plant modernisation includes development of glass-reinforced board



£8 million investment in specialised glass fibre insulation materials

Last year we put £4m into new plant producing high quality construction materials — lightweight concrete building blocks.

We have started a £3m modernisation of three of our UK asbestos-cement plants, and are doubling capacity in our two Nigerian plants.

Our £8m development for the manufacture of 'Envoy' glass fibre — a new range of special insulation products for the building industry — is on stream this year.

T&N has been a major force in construction and insulation materials for decades.

Now we're making sure that the future — with its urgent requirement for energy conservation in industry and the home — will be equally productive for us.

Construction materials is just one of the businesses in which T&N is making its mark internationally.

We are actively investing and growing in automotive components, plastics, specialty chemicals and man-made fibres, in addition to mining asbestos.

T&N has evolved at such a rate recently that your view of us may be rather out of date.

Why not correct that now, by writing for our corporate brochure?

TURNER & NEWALL LIMITED

Providing what the future needs

To: Public Relations Dept., Turner & Newall Ltd., 20 St. Mary's Parsonage, Manchester M3 2NL.

Please send me a copy of your corporate brochure and/or Report & Accounts

Name \_\_\_\_\_

Address \_\_\_\_\_

C.3.7

## The Monks Investment Trust Limited

Summary of Results for year to 30th April	1979	1978
Total Net Assets at Market Value	£68,564,673	£59,079,814
Ordinary Shares:		
Asset Value	74.4p	68.2p
Earnings	1.90p	1.60p
Dividend	1.85p	1.60p
Geographical Distribution of Investments	%	%
Equities: United Kingdom	50.8	42.4
United States	22.3	33.0
Japan & S.E. Asia	3.5	4.8
Other Countries	1.8	2.8
Total Equities	78.4	83.0
Foreign loan backing	13.1	7.6
E.E.C. Bonds	3.5	—
Deposits and other Fixed Interest	5.0	9.4

Excerpts from the Statement by the Chairman, Mr. Michael Hamilton:

● Earnings per share rose from 1.60p to 1.90p and we are recommending a dividend of 1.85p. This is 15% more than last year's dividend and means that the increases in dividend both this year and last year have been in excess of the prevailing rates of inflation, giving shareholders a higher income in real terms.

● The asset value per share rose to a new high level of 74.4p reflecting a substantial rise in the U.K. equity market and a fall in Sterling terms in the U.S. market.

● Concerned at the high level of the Dollar Premium, we sold \$94 million Premium Dollars realising on average a premium of 46% on an exchange rate of \$1.94 compared with a premium of 24% on an exchange rate of \$2.06 at the year-end. The Accounts thus show that the premium currency content of the total assets has fallen to 3.3% compared with 11.2% the year previously.

● During the year we borrowed \$5 million to finance purchases of Dollar-denominated bonds of E.E.C. institutions. The loan is repayable over 5 years with foreign currency purchased at the official rate and eventually we shall hold these bonds without having to pay any Premium.

● We continue to be concerned at the discount to asset value at which the shares of Monks, along with other investment trust companies, are quoted. For some years now, increasing pressure from taxation has caused private holders to sell shares and it is to be hoped that reductions in personal taxation will lead to a revival of their interest. Given an environment in which the private shareholder is once again encouraged, the virtues of investment trust companies should ensure at the very least a narrowing of the present level of discounts.

The Monks Investment Trust is fifty years old this year and a brief account of its history and investment objective is given in the Annual Report.

Copies of the Annual Report may be obtained from

Baillie Gifford & Co.

3 Clerkenwell Street, Edinburgh, EH3 6YY



Companies and Markets

UK COMPANY NEWS

	1979	1978
Profit disclosed, before investment gains and extraordinary items (including an exceptional credit of £1,035,000)	£7,116,000	£4,994,000
Earnings per 25p share before investment gains	33.64p	23.55p
Dividends paid and proposed Amount (net of tax credit)	£2,340,000	£2,063,000
Rate per 25p share	10.924p	9.60925p
Covered by total available profits	5.15 times	4.37 times
Shareholders' funds, excluding inner reserves of banking companies	£76,321,000	£64,948,000
Increase of market value over carrying value of investments in Hambro Life Assurance and Berkeley Hambro Property Company	£41,000,000	£20,000,000

# A YEAR OF SUBSTANTIAL ALL-ROUND PROGRESS

Mr. Jocelyn Hambro, M.C., reports on the Hambros Bank Group

This has been a year of substantial all-round progress.

After reporting lower earnings for the first half-year, the second half showed an improvement which has brought the full year's results well above those of last year. The improvement was throughout the whole of our business but particularly in banking, in unit trust operations and in investment performance. Our share of associated companies' profits has also increased particularly from Hambro Life Assurance and Berkeley Hambro Property Company.

Attributable operating profit after tax was £7,116,000 against £4,994,000 last year. After investment gains and extraordinary items the total profit has risen to £11,884,000. Dividends are covered five times and are 10% above, both at interim and recommended final, those of last year.

Shareholders' funds have advanced from £65 million to £76 million. Also, at 31st March 1979, there was an additional excess of £41 million of market value over the balance sheet carrying values of our listed associated companies—again Hambro Life Assurance and Berkeley Hambro Property Company.

### HAMBROS BANK

Last year we drew on inner reserves towards shipping loan provisions. This year, as existing provisions are already adequate, inner reserves have been increased. A gradual improvement has taken place in bulk shipping markets with improvements in charter rates and in market values, but these will have to be sustained before the shipping industry can be said to have recovered.

Acceptances reached a new peak of £274 million, while the figure for assets leased, on our own account and under management, rose to more than £200 million. Customer loans and advances fell slightly, chiefly because of the translation of dollar loans at the higher sterling rate. We were active in the management of new bond issues and in the syndication of euro-currency loans.

Managed investments, especially for pension funds, grew substantially. Our 21 authorised unit trusts at the year end had an aggregate market value in excess of £350 million.

Fee income from corporate finance activities was slightly down on the previous year, but at the year-end the level of activity was greater than at any time during the preceding twelve months.

Since the year end we have announced an offer for the share capital of Collett, Dickenson, Pearce International Limited, a leading U.K. advertising agency, through a subsidiary in which we will hold 75% and the Management of the agency, 25%. This offer has now become unconditional.

The Group's own investments produced the substantial gain of £3,293,000. Many of these investments are in smaller companies

but we found new opportunities hard to come by, as competition intensified from other institutions who have entered the venture capital field.

### OVERSEAS INTERESTS

Our Channel Islands' banks continued their well established growth. The progress of Hambro Pacific and Hambro Australia reinforced our faith in these companies and in the areas in which they operate.

Since the year end we have increased the capital invested in Hambro America Inc. where we are developing a profitable investment and advisory business.

### HAMBRO LIFE ASSURANCE

The remarkable progress of Hambro Life continued throughout 1978. They have since reported that new business in the first quarter of 1979 is running substantially ahead of the corresponding period in 1978. Hambro Life's dividend was increased by 17.7% above that of last year as profit cover had increased by an equivalent amount above the best previous year.

### Consolidated Financial Statement at 31st March 1979

	1979	1978
Share capital and reserves	76,321	64,948
Minority interest	2,781	1,552
Loan capital	41,639	47,882
	120,741	114,382
Current, deposit and other accounts	1,116,415	1,041,785
Acceptances for customers	274,667	257,960
Deferred taxation	11,044	8,092
Proposed dividends	1,436	1,251
	£1,524,303	£1,423,470
Balances with bankers and money at call	196,421	221,352
Term loans to banks, local authorities and certificates of deposit	457,685	356,263
Dealing securities	13,991	9,088
Trading stocks	25,549	15,258
Loans, advances and other accounts	504,984	504,122
Customers' liabilities for acceptances	274,667	257,960
Investments	45,692	54,389
Fixed assets	5,314	5,038
	£1,524,303	£1,423,470

### THE OUTLOOK

The ever-increasing price of oil makes one hesitant about the prospects for the future growth of world trade. Our new Government, however, has sounded a clarion call to the nation by its budget proposals. We are confident that it will be answered by all sections of trade and industry which makes us hopeful of continuing improvement in our own business.

Copies of the Annual Report can be obtained from The Secretary, Hambros Limited, 41 Bishopsgate, London EC2P 2AA.



# Hambros

### MINING NEWS

## Anoconda studies \$1.5bn Chile copper mine

BY KENNETH MARSTON, MINING EDITOR

HEADING the latest news from the transatlantic mining companies is America's *Anoconda* copper giant which is now taking a closer look at the huge Pelambres copper mine in northern Chile. The mine has ore reserves of an estimated 430m tonnes.

According to the Chilean Foreign Investment Commission, *Anoconda* will invest U.S.\$1.5bn (£888m) in the exploitation of Pelambres if geological studies prove its feasibility. Spokesmen for *Anoconda* are reported as saying that the company will invest \$12m in the preliminary stages.

Pelambres, which is situated 340 km north-east of Santiago, was purchased by *Anoconda* last month for \$20m.

Until recently *Anoconda* has been developing the big Sar Cheshmeh copper deposit in Iran on a contract basis. But like many other ventures in that country, work has halted since the revolution and last month it reported that Iran had cancelled its contract with *Anoconda*.

From Canada, *Northgate Exploration*, which also has interests in Ireland and Australia, says that barring any unforeseen interruptions to production its net income this year

should be "well in excess" of C\$6m (£2.36m), the best since 1973. Last year there was a net profit of only C\$458,000. Earnings for the first half of this year are estimated at C\$3.64m.

*Northgate's* president, Mr. G. T. Smith—who has taken over the office from Mr. Pat Hughes upon the latter's appointment as chairman—said at the Toronto meeting that *Northgate* is broadening its prospecting activities. These now include uranium, strategic and precious metals together with oil and gas in addition to the traditional search for lead, zinc and copper.

This year's spending by the *Northgate* group in mineral exploration is expected to rise to C\$4.5m. While in need of new earnings sources, *Northgate* is well supplied with funds, the cash position including working capital being over C\$50m. Mr. Smith put the group's total assets at around C\$64m, or C\$9.30 per share.

Canadian partners, *International Mogul Mines*, *Lacana Mining*, *Rayrock Resources* and *United Sisco Mines*, reckon to have their U.S.\$10.5m *Pinebush* gold venture in Nevada in production by late 1980 at a milling rate of 1,000 tons a day. Open-cut ore reserves are put at

1.4m tons averaging 0.18 oz gold per ton plus a further 3m tons grading 0.08 oz.

Reflecting the return to higher earnings, Canada's *Sherritt Gordon Mines* has raised its semi-annual dividend to 40 cents, payable July 28. A total of 50 cents was paid for 1978 and 15 cents for 1977.

Mining exploration expenditure in British Columbia is expected to hit a record C\$61.5m this year, according to a survey conducted by the British Columbia and Yukon Chamber of Mines. Mining exploration spending in Yukon Territory is forecast at C\$19.1m, an increase of 7.9 per cent on 1978.

## Bett Bros. set to make second half recovery

PRE-TAX profits of Bett Brothers, building and public work contractors, fell from £1,076,149 for the half-year ended February 28 1979, on turnover down from £10.5m to £9.41m.

But the directors say that for the full year turnover and profits should be in the region of £20m and £2.2m respectively for the previous year, profits had declined from a record £2.85m to £2.04m, on turnover of £20.5m (£19.42m).

The net interim dividend increased to 1p net per 20p share compared with 0.70p last year's final payment was £1,585,713. Net profits for the first half came out at £416,712 against £713,648 after tax, higher at £481,437 (£566,451).

## William Pickles

### Reorganisational programme well under way

"I cannot promise you a substantial increase in profit in the current year when so much change is occurring but I have great faith that given a reasonable economic climate, 1980 will herald a vast improvement in our fortunes."

Denis S. Greensmith

The Annual General Meeting of the Company was held in Manchester yesterday. The following are extracts from the statement by the Chairman, Mr. Denis S. Greensmith, submitted to the meeting.

Our Company experienced a thoroughly bad trading year in 1978 and although one can say quite truthfully that it was not a good year for textiles in general, it was certainly a particularly bad year for those involved in the manufacture of light clothing. During the year imports in certain sections of this area of textiles had reached a penetration level of 72% and although the new Multi Fibre arrangement had been implemented, it was too late for any effectiveness to have influenced the trading pattern in that year.

Also there was a certain level of interruption in our programmes due to industrial disputes and that the strengthening of sterling undoubtedly reduced our export sales.

Faced with deteriorating profits I felt that additional fundamental changes were called for. The necessary research and development work was undertaken by a Sub-Committee of the Board. We isolated principal reasons for our lack of success. Plans designed to overcome these problems and to exploit our strengths were framed by the Development Committee, discussed at Management Meetings and finally approved unanimously by the Board.

A new organisational structure is taking shape and new investment has been approved, designed to update our production facilities. A marketing approach is resulting in new merchandise ranges, the development of new trading areas and a greater penetration into our established market place. There is tremendous activity at the systems level designed to improve our efficiency, partly through computerisation and partly through a new management accounting and information system, as a basis for more effective control.

I am sure that like me, you will be wondering when all these plans will produce results. The reorganisation is already well under way and will, I estimate, be virtually complete by the end of 1979. I cannot promise you a substantial increase in profit in the current year when so much change is occurring but I have great faith that, given a reasonable economic climate, 1980 will herald a vast improvement in our fortunes.

Results in brief	1978	1977
Group Turnover	£23,858,797	£22,925,490
Group Profit before tax	£417,482	£817,082
Dividends	£123,816	£208,211

Group Companies: Abbotsford Fabrics Ltd., The Banner Group of Companies: Wm. Chapman Ltd., Glen Fabrics Ltd., Harrow Fabrics (Int.) Ltd., Maccaseta Ltd., Sparrow, Hardwick & Co. Ltd., Susey Ware & Co. Ltd., Uwin Sportswear Ltd.

WILLIAM PICKLES & CO. LTD.  
101 Portland St., Manchester M60 1EH

## Israel plans to extract uranium from phosphate

ISRAEL is planning to extract uranums from the Dead Sea as fuel for nuclear power plants, according to chemical industry officials. In experiments proved successful and Israel starts to produce uranium, the scheme could significantly reduce the country's dependence on foreign energy supplies.

The plan was disclosed when reporters visited the annual new chemicals production plant under construction near Sodom on the shores of the Dead Sea.

Mr. Elyahu Teomin, Director-General of Israel Chemicals (ICL), said company scientists, together with the Israel Atomic Energy Commission, were checking the possibility of obtaining uranium as a by-product of phosphoric acid production.

Up to 60 tons of uranium could be extracted from the annual output of acid by the new plant, which is due to start operating in 1981. This would be half the amount needed to fuel a nuclear station of the size Israel might want to build in the 1990s.

America's *Freeport Minerals* has a \$36m uranium recovery plant at its Uncle Sam phosphoric acid operation in Louisiana. First shipments of uranium oxide were made early this year from the plant. Sulphur and phosphate rock are taken to the plant where the rock is converted to acid which is then cycled through uranium recovery facilities.

Israel has been denied world aid in nuclear research owing to its refusal to sign the nuclear non-proliferation treaty.

There have been Press reports in recent years about alleged Israeli operations to hijack ships laden with enriched uranium for Israel's two atomic research centres.

Nuclear officials in Europe suggested last year that a ship which

disappeared in the Mediterranean carrying 500 tons of the material might have ended up in an Israeli port. Israel categorically denied the report.

The Israelis have long insisted they are not engaged in developing a nuclear arsenal, though experts believe the country has the expertise to produce atom bombs.

Atomic Energy Commission officials in Tel Aviv said that Israel was economically incapable of building an enriching plant that would turn yellow cake (uranium oxide) into atom bomb material. They said it would be necessary to ship the yellow cake abroad even to make it fit to fuel power plants.

### LEICHAARDT TO SEEK GEMS IN NAMIBIA

Australia's *Leichardt Exploration*, an Adelaide-based affiliate of the *Geomatals-Conex* group, plans to look for diamonds in South Africa in the hope of finding the primary kimberlites responsible for Atlantic coast alluvial deposits which are mined by De Beers' Consolidated Diamond Mines of South West Africa.

*Leichardt* has informed the Stock Exchange of Adelaide that it has entered into an agreement to acquire a diamond project in Namibia. The concession is six farms in the district of Luderitz and Bethanie which are contiguous and measure a total of 120,000 hectares.

ACA Howe Australia have been appointed technical managers to the company under the direction of ACA Howe's Australian chairman, Mr. Peter Howe.

## Three directors removed from Five Oaks Board

THREE BOARD members of Five Oaks Investment, the property and housebuilding company which is recovering from serious losses, have been removed as directors following a poll.

They are Mr. Angelo Southall, the former chairman, Mr. Kenneth Richardson and Mr. Barry Lilley. The men have been replaced by nominees of Mr. John Peutherer, a dissident shareholder who controls around 26 per cent of the equity and who called for the poll at a special

meeting of the company last month.

The three new directors are Mr. Peutherer, Mr. "Eddie" Marsland who is also chairman of Midland Industries, and Mr. John Waldron.

In asking shareholders to reject Mr. Peutherer's moves, Mr. Southall had said that Mr. Peutherer was considering injecting his own residential and shop property portfolio into the company. He also proposed to close down the housebuilding side.

## SOCIÉTÉ NIGÉRIENNE D'ÉLECTRICITÉ (NIGELEC)

FINANCE FOR THE SONCHAR PROJECT

US \$ 7,000,000

TERM LOAN

Guaranteed by the

RÉPUBLIQUE DU NIGER

Managed by

SIFIDA INVESTMENT COMPANY

Provided by

CREDIT CHIMIQUE

THE CHASE MANHATTAN BANK, N.A.

BANQUE INTERCONTINENTALE ARABE

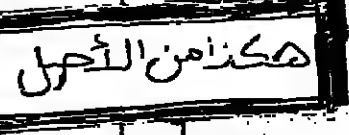
CHEMICAL BANK

UNION DE BANQUES ARABES ET FRANÇAISES - U.B.A.F.

SIFIDA INVESTMENT COMPANY

Agent

SIFIDA INVESTMENT COMPANY



This announcement appears as a matter of record only



BIDS AND DEALS

Evode shares suspended

Shares in Evode Holdings, which started the day at 41p, were suspended yesterday at the pending announcement...

Stephen's principal assets comprise a Government stock holding with a current market value of about £100,000 and the freeholds of two factory premises in Folkestone, Kent...

DALGETY BUYS FROZEN FOOD COMPANY

Dalgety Inc, the U.S. subsidiary of Dalgety, has acquired, for an undisclosed sum, all the outstanding shares of Cedargreen Food Corporation...

SUNDERLAND AND SHIELDS

Sunderland and Shields Holdings, which started the day at 41p, were suspended yesterday at the pending announcement...

This society has assets of £430m, reserve funds of £200,000 and a staff of 3,200 members...

ARLEN ELECTRICAL

Arlen Electrical has exchanged conditional contracts to purchase Alan Stephens (Holdings) for £420,000...

JAMES LATHAM

James Latham has acquired I. A. Murphy (Timber) of Braintree, Essex...

KIRKBY MANUFGR./SCHERING-PLOUGH

Shering-Plough Corporation has purchased Kirby Pharmaceuticals of Mildenhall...

VICKERS/QUAY

Vickers, the engineering and machine tool group, has acquired...

J. Grant up in first quarter

First-quarter profits of James Grant and Co. (East) are ahead of the comparable period last year...

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange...

FUTURE DATES

Table listing future dates for various companies including Paramba, Bann Brothers, etc.

AAH SUBSIDIARY ACQUIRES TSC

British Fuel Company, 50.25 per cent-owned subsidiary of AAH has acquired the whole of the issued share capital of TSC Holdings for £200,000...

UNITED BISCUITS

On June 28 United Biscuits (Holdings) Limited, a private company based in Wexham, Berkshire...

WALKER AND STAFF

The directors of Walker and Staff Holdings say that contracts have been exchanged for the acquisition of a freehold industrial property investment located at Canford Cliffe, Bournemouth...

ROTAFLEX

Rotaflex (Great Britain) has changed its name to Concord Rotaflex.

Brunning chief sees increase in profit

PRELIMINARY BUDGETS indicate increased profitability within the Brunning Group, the London-based advertising agency and profits should rise in the current year...

SHARE STAKES

Rischi Tin Co.—Mr. Edward Solomon Nasser has acquired a further 10,000 shares, bringing his total holding to 970,000 shares (5.66 per cent)...

Novolor, the precision glass work company, is increasing sales and demand...

ASSOCIATE DEAL

Hill Samuel Invest Management as associates of Jecks and Cattell, have purchased, on behalf of discretionary investment clients 120,000 Armstrong Equipment at 66p.

GEI INTERNATIONAL LIMITED advertisement featuring 'Ninth year of Record Profits' and a table of financial results for 1979 and 1978.

Carlton Real Est. buys Spartan

Carlton Real Estate, formerly General Carlton (Holdings), has bought Spartan Investments in a deal worth £131,000...

acquired the products, design engineering sales operations of Quay Dynamics, rolling mill and metal forming specialists...

Sheepbridge Engineering Ltd.

Encouraging signs after a year of exceptional difficulties

The Annual General Meeting of Sheepbridge Engineering Limited will be held on the 26th July in London.

The following is an extract from the statement by the Rt. Hon. Lord Aberconway, the Chairman, circulated with the report and accounts.

Recommended Offer from Guest, Keen and Nettelfolds, Ltd.

Shareholders may have seen an announcement in the Press on May 26th of an offer, verbal at that stage, received on May 25th for the whole of the capital of the Company from Guest, Keen and Nettelfolds, Ltd.

From the standpoint also of our employees at all levels the directors hope that shareholders will accept the offer. The increased strength given by belonging to a group some twenty times the size of Sheepbridge, and with widespread overseas connections, should facilitate development of the activities of Sheepbridge and should enhance prospects of individual advancement.

The difficulties to which I have referred were not experienced by Hardinge Machine Tools Ltd., nor by Ritemixer Ltd., each of which had an excellent year.

Dividends In the circumstances of the offer from GKN, the directors decided to pay on 10th July 1979 a second interim dividend, in lieu of a final dividend, of 2.51p per ordinary share.

Taxation In the 1979 accounts we have adopted the Accounting Standard on deferred taxation that was issued by the U.K. accountancy bodies in October 1978.

Conclusion The year, as I have said, was difficult and this was not of our making. In the event we came out of it not too badly, sad though we were to see a reduction in profit.

Our energetic management team has done splendidly in a year of exceptional difficulties and has shown its ability to take full advantage of any improvements in business trends.

These encouraging signs, coupled with results for the year which, in retrospect, could have been much worse, augur promisingly for the future.

To add to our difficulties, the national road haulage strike early in 1979 not only disrupted and reduced our own production and increased our costs; it also played havoc with our customers' production schedules so that we were in many cases stopped from delivering.

Sales lost because of strikes, or indeed for any other reason, are, as a rule, seldom, if ever, made up. Last year proved the rule. Accordingly the value of our despatches in the financial year was only some 9% more than in the previous year: and so, after allowing for the effect of inflation, there was no overall increase in volume.

The big reduction in demand for pistons and cylinder liners used in diesel engines for tractors and farm machinery, which started a year or more ago, continued for most of the year under review. In the last quarter of the year a welcome improvement became apparent in the demand from tractor engine manufacturers for engine components.

There was also some growth in orders taken by Group companies not making engine components. These more recent hopeful signs, however, came too late to have any appreciable effect on the financial year to 31st March 1979 although, by enhancing our order books, they have given a better start to, and indicated an improved activity in, the current year.

These encouraging signs, coupled with results for the year which, in retrospect, could have been much worse, augur promisingly for the future. We believe that the market for internal combustion engines will improve further and that our expansion plans put in hand a year ago will prove to have been wisely conceived and timed.

Summary of Results

Table with columns for 1978/79 and 1977/78, showing sales to external customers, group profit before taxation, profit after taxation, dividends, earnings per share, and dividend cover.

\*Restated following change in accounting policy for deferred taxation

Our Customers

Bar chart showing the percentage of sales to various industries: Machine Tool Industry (4%), Oil and Chemical Industries (4%), Aerospace Industry (4%), Marine and Stationary Diesel Engine Manufacturers (7%), Public Utilities and Nationalised Industries (7%), Car Manufacturers (10%), Quarry and Construction Industries (10%), General Engineering Industries (12%), Diesel Engines, Commercial Vehicle and Tractor Manufacturers (23%), and Automotive Component Manufacturers (28%).

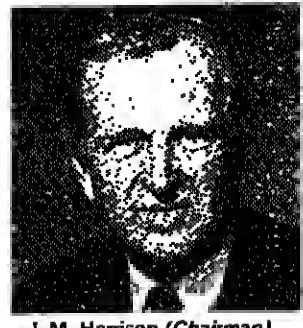


# Pegler Hattersley 1979

- Sales increased by 10% to £95.8m. World markets continued to be very competitive, but rising expenditure on home improvements brought a welcome recovery in demand for building products.
- Profit from trading operations improved substantially, and the upward movement in copper prices resulted in an additional gain on metal stocks. Results from associated companies, on the other hand, were less good. Group profit overall rose by £1.6m to £14.2m.
- Earnings per share increased by 19% to 31.1p.
- In manufacturing, the new continuous casting plant at Doncaster came into operation in the year and work began on a major project for modernisation and expansion of the Ormskirk iron foundry.
- "Present order books are good. It is difficult at this stage to predict the outcome of trading in the current year, though I would expect us to maintain our position in the trade and to improve it if that is at all possible."

## SUMMARY OF RESULTS

	1979	1978
	£000	£000
Profit before tax	14,210	12,581
Profit after tax	9,130	7,669
Earnings per share	31.1p	26.1p
Dividend per share (net)	8.581p	7.685p



J. M. Harrison (Chairman)

Copies of the full report and accounts are available from The Secretary, Pegler-Hattersley Limited, St. Catherine's Avenue, Doncaster ON4 3DF.

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FABRICATIONS AND DESALINATION EQUIPMENT

# The dilemma over local government spending

BY MICHAEL COWAN

ACTIONS undoubtedly speak louder than words, and by announcing a firm intention to reduce the local authorities' rate support grants in the current year by £300m when the final calculation is made in November, the Government has certainly acted. The rest, however, at this stage is mere words.

The Chancellor's budget cuts on the expenditure side fall almost wholly on capital, and so far as councils are concerned are for the most part the traditional paper cuts with little real effect. The largest single cut is £270m (including land acquisitions) on council house building, which the Government itself admits is merely the elimination of an over-provision in allocations brought to light by consistent under-spending in the past couple of years, plus an £85m cut in municipalisation offset by a £100m increase in improvement grants. The net real effect on councils is probably a cut of £25m in capital—about one-half being reductions in education—and nothing at all in current spending.

However, the Government has asked councils to reduce their current spending by 3 per cent below the £12.04bn relevant expenditure accepted by the Government in the 1979-80 rate support grant settlement last November.

Since local authorities traditionally budget for a level of expenditure above the actual settlement figure—in 1979-80 by 3.5 per cent—the total cuts proposed by the Government represent 8.5 per cent of budgeted expenditure. Nevertheless, local authorities rarely spend the full budget amount.

For 1980-81 the Government has instructed the joint civil service/local authority association expenditure sub-groups to report on the consequences of cuts of 2.5 per cent, 5 per cent, and 7.5 per cent below the last public expenditure White Paper targets, which allowed for a real increase of 1.0 per cent. But nothing has yet been decided.

Given this background information, plus some official and unofficial figures, it is possible to produce the probable arithmetic of local finance for this year and next, as set out in the tables. The first column of Table 1 sets out the calculations behind last November's rate support grant settlement; total current spending was assumed to be around £12bn (1.5 per

cent up on the expected outturn for 1978-79) and inflation during the year was estimated—purely on the basis of Government policy rather than reality—at 5.835m. With a notional rate support grant of 61 per cent, the former Environment Secretary, Mr. Peter Shore, had hoped that councils would be able to hold their average domestic rate increases below 10 per cent by drawing on balances to the extent of £100m. Column two shows how councils actually budgeted; planned current spending is 8.5 per cent above the guideline and the provision for inflation £340m higher. Average domestic rate bills were increased by 18.5 per cent, leaving planned drawing from balances of nearly £500m to meet the shortfall.

Table 2 shows that, for once, councils as well as the Government have been unduly optimistic about the course of inflation in the current year: instead of extra cost of £1.18bn assumed by treasurers, the outcome is likely to be £1.5bn, or even more, if the comparability commission turns out to be generous.

## Stick to plans

If, therefore, councils stick to their expenditure plans they will have to increase their calls on balances by a further £260m, making a total of £750m out of the £1.4bn they are thought to have had available at the beginning of the year. Nobody, however, seriously believes that councils would have spent up to the limit of their budgets, in the light of recent experience, a reduction of £200m-£250m would have been likely, which means that even after the Chancellor's £300m cut they could have got by with the planned £500m withdrawals from balances. In short, so far as the current year is concerned, the effect of the Budget cut can hardly be thought of as disastrous. Column 3 of Table 1—the sort of figures likely to have been presented to the Chancellor—shows that if councils stick to last November's expenditure guidelines, then even with the substantially higher inflation now likely to be encountered and the cut in rate support grant, withdrawals from balances could be even less than budgeted.

The final column of Table 1 illustrates the sort of optimistic spending figures that the Environment Secretary must have had in mind when he called for 3 per cent cut in spending this year. Merely to have called for a cut of this order in councils' plans would have been decidedly weak, since it would amount to nothing more than a request to stick to last year's settlement figures—hence the figures assume a cut of 3 per cent below the original target. On this basis, if they were achieved, councils would not need to touch their accumulated balances at all. This is unrealistic, however, and is better seen as a precursor to next year's settlement.

Table 3 gives some purely illustrative figures for the arithmetic of next November's rate support grant settlement. The Government is talking about cuts of 7.5 per cent below the current White Paper targets, so 5 per cent is perhaps plausible. Whether councils will comply after the past few lean years is much less certain. Given the figures, however, a cut in notional rate support grant to 58 per cent from this year's original 61 per cent—likely to be an actual 58.50 per cent—would imply average domestic rate increases of 16 per cent. This is perhaps not unrealistic. The trouble is that in fixing the rate support grant, governments invariably face a dilemma that no modern Parliament has yet been found to resolve: if they hold down the rate support grant, councils may make up the shortfall from the rates—thus pushing the average increase up to unwelcome (to the Government, not least) levels; on the other hand, if to avoid this possibility they increase the grant, the councils may choose to levy the same rate increases and spend the money instead.

Hence the anxious speculation in local government circles that the Government might try to escape between the horns of the dilemma by either reforming the grant arrangements so as to allow it to publicise what individual councils' rate levies should be, or, worse, actually to legislate to take away councils' independence. Either course would destroy relations with council's generally and with the Conservative-controlled local authority associations.

Alternatively, the Government could raise locally determined sector borrowing allocations (severely cut by Mr. Shore) so that less capital need be charged directly to revenue. This would, however, increase the public sector borrowing requirement. Instead, the Government could increase domestic relief at the

## LOCAL AUTHORITY REVENUE ACCOUNT 1979-80

	Government guidelines		Council's budget returns		Possible outturns	
	Nov. 1978	£m	£m	£m	A	B
At Nov. 78 prices						
Current expenditure	12,038	12,463	12,833	11,536		
Capital ex-revenue	563	568	580	589		
Inflation to outturn	835	1,175	1,470	1,470		
At outturn prices		1,383	1,412	1,412		
Loan charges						
Rate contribution to council housing		283	372	372		
Interest receipts		156	195	195		
Other		65	71	71		
Total revenue		15,011	15,858	15,743		
Less Government grants		9,126	9,149	9,161		
add domestic relief		684	681	681		
less collection costs		90	101	101		
less net rates		6,273	6,798	6,798		
Reduction in balances		109	491	349		

\* Possible outturns: A—if councils hold current spending to settlement level; B—if councils cut current spending to 3 per cent below settlement.

## INFLATION IN 1979-80

	Effect in 1979-80		Extra cost
	Original cash limit	Possible actual cost	
Teachers (April 79)	185	10.5% plus	420
Professional and admin. staff (July) 5%	93	9%	170
Police (May) special	93	say	245
Firemen (Nov.) 6% reduced hours	25	8%	30
Manuals (Nov. 78) 5%	97	9%	175
(Nov. 79) 5%	43	9% plus	193
Prices	536	10%	420
	330		
	866		1,353
Income adjustment	31		29
Net effect of inflation	835		1,515

Less councils' budget provis'n £1,175  
Extra grant after £300m cut 35  
Net extra cost to balances 305

## EXPENDITURE, GRANT AND RATES: 1980-81

At November 1978 prices	12,038
Current expenditure in 1979 White Paper plans	12,463
Capital ex-revenue	568
Inflation to outturn 1979-80	1,175
less 5% cut	563
Inflation to outturn 1980-81 at 15%	2,032
At outturn prices	15,561
Loan charges	1,500
Rate contribution to council housing	372
Interest receipts	195
Other	71
Total revenue expenditure	17,301
Less Government grants at 59%	10,209
Add cost of domestic relief	688
Less collection costs	101
Rate requirement 1980-81	7,685
Average general rate (1p-£69m)	171.50
Increase over 1979-80	13.2%
Average domestic rate	92.3%
Increase over 1979-80	16.2%

expense of commerce and industry, which would hardly be in accord with current fiscal policy, or actually reduce it so as to squeeze councils politically. In a nutshell, the Government faces a difficult settlement next year.



Mas Gives:

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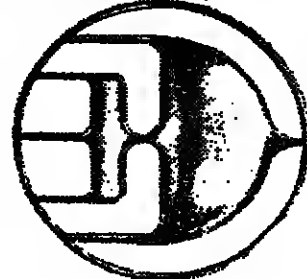
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## INTERNATIONAL SUMMER SCHOOL 1979

# Financial Management for the Non-Financial Executive

LONDON JULY 9-20 1979

The increasing amount of accounting and financial management needed to run a modern successful business is placing great strains on middle and senior management not trained in accountancy. To meet this problem, the Financial Times and The City University Business School, of London, have arranged a two-week course entitled 'Financial Management for the Non-Financial Executive' to be held in London from July 9-20, 1979.

This course was last held in 1978 and attracted substantial support from Britain and abroad. The suggestions of tutors and course participants in 1978 have been taken fully into account in preparing this year's programme and the sponsors believe its value will have been increased still further.

The course will be headed by a former finance director of a major industrial company and a merchant banker, and the panel of 22 distinguished lecturers are drawn from universities, commerce, accountancy and banking. The participants will be divided into study groups of fifteen people headed by a group leader. The ten days of instruction are broken down into lectures, case studies and various group exercises so that the students take an active part in the programme.

Apart from being a thorough two-week programme of studies the Summer School also offers an authentic insight into workings of the City of London and provides opportunities for making useful contacts with people and institutions.

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هكمان النحل







INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

FTC curbs on buyer of Fairchild Camera

By Terry Elyand in New York
SCHLUMBERGER, the oilfield services and electronics group, is pressing ahead with its takeover of Fairchild Camera and Instrument Corporation.

Schlumberger has paid \$66 a share or about \$331.6m for 97 per cent of Fairchild's 5.5m common shares and will buy up the rest as soon as possible, thus bringing the total purchase price to \$363m.

U.S. QUARTERLIES

Table with columns for company name, quarter, and financial metrics like Revenue, Net Profit, and EPS.

LAFARGE

28, rue Emile Mènier, Paris 16e
Dividend for each share of F.Fr. 100 in respect of the year ended 31st December 1978 ... 13.40

Paccar's \$178m takeover of Harnischfeger blocked

CONSTRUCTION equipment manufacturer Paccar was yesterday trying to decide whether to fight a Federal court decision which threatened to block its \$178m takeover of mining equipment manufacturer Harnischfeger.

Pacific Petroleum boosts Petro-Canada earnings

NET PROFIT of the Canadian state oil company Petro-Canada rose from C\$9.52m to C\$13.74m in 1978.

Kaiser Cement drops bid

KAISER CEMENT has bowed out in its bid for Florida Mining and Materials by saying it would not raise its \$44 a share offer to top the \$48 a share offer.

Syntex in French move

PALO ALTO—Syntex Corporation has asked the French government for approval to buy a substantial majority interest in the French pharmaceutical company Laroche Navarron.

STERLING SECTOR PRICES ADVANCE

THE STERLING SECTOR of the Eurobond market was by far the most active yesterday, with prices of some issues rising by as much as 2 1/2 points on the day.

China raises borrowing sharply

CHINA BECAME the largest single borrower in the international credit markets during the second quarter of 1979, raising some \$1.9bn on an annual rate, according to the latest estimates by the Organisation of Economic Co-operation and Development (OECD).

Montreal's French banks to merge

A NEW BANK is in the making in Montreal, the National Bank of Canada. It is being formed through the merger of Montreal's two Franco-Canadian banks, the Banque Canadienne Nationale and the Banque Provinciale du Canada.

A & P back to profit in first quarter

THE SUPERMARKETS concern Great Atlantic and Pacific Tea Company (A & P) has returned to profit in the first quarter with 19 cents a share.

Purepac takeover

The West German chemical company Kali-Chemie has agreed to buy 53.5 per cent of the outstanding stock of Purepac Laboratories for \$15.50 a share.

Beneficial acquisition

Beneficial Corporation has completed the purchase for more than \$40m of 25 consumer finance offices in North Carolina from a subsidiary of NCNB Corporation.

Competitive position

Both banks in their official statement late on Friday said that the proposed merger will "substantially enhance the competitive position of the new institution."

Pirelli to isolate tyre side as banks step in

IN A MAJOR restructuring move, Industrie Pirelli, the Italian operating group in the Dunlop-Pirelli union, is proposing to set up a separate company to absorb its heavy loss-making tyre sector.

Stinnes confident on margins

HUGO STINNES, the West German trading and transport concern and Keyes subsidiary, has increased turnover and profits substantially last year and is confident that it can maintain the favourable margins throughout 1979.

West German state loan

THE WEST GERMAN government will launch a federal loan of up to DM 1.5bn on the domestic bond market today. The new funding is likely to be divided into two tranches, closely resembling the last federal loan floated early last month and also totalling DM 1.5bn.

FT INTERNATIONAL BOND SERVICE

Table listing international bond issues with columns for country, issue name, amount, and price/yield.

Stinnes confident on margins

Increased business in all the remaining sectors has produced a buoyant result and a good outlook for 1979. Last year, turnover rose 10.8 per cent to over DM 1.1bn while net profits forwarded to shareholders rose 10.8 per cent to DM 207.2m.

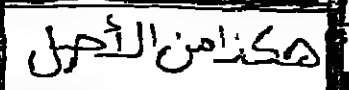
West German state loan

The Federal Loan Consortium will probably attempt to match the terms of one of the new tranches with that of the DM 650m Federal Railway Loan floated last week on a coupon of 8 per cent at 99 1/2.

FT INTERNATIONAL BOND SERVICE

Table listing international bond issues with columns for country, issue name, amount, and price/yield.

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# Optimism at Total after price rises boost profits

BY TERRY GODSWORTH IN PARIS

THE FRENCH Total oil group, Compagnie Française des Pétroles, expects to improve profits yet again this year following the 1978 return from four years of negligible returns. The turnaround in the company's results began in the fourth quarter of last year when the increase in prices in the oil market began to feed through. In the first six months of this year, Total says that it has been able to absorb its increased costs in such a manner that it expects to see a positive increase in cash flow and profits.

But the group warned yesterday that changes in supply may also make it extremely difficult to supply the French home-heating market with sufficient fuel this winter.

The Government has already recognised the problems of oil companies in this respect by recently adopting a policy of reducing home-heating supplies by 10 per cent this winter. Even so, Total has made it clear that it would enter the winter period with only modest stocks of home-heating oil. These may well be insufficient to supply all its needs given the legal reserve requirements and the difficulties in securing new supplies of crude oil.

The abrupt change in the oil market which helped Total to set group profit of FF 462m (\$100m) last year, coincides with the company's moves to create a more diversified and integrated business.

Mr René Grégoire de Lilliac, the head of Total, stressed yesterday that such integrated organisations, combining crude oil production with refining and distribution, were necessary to ensure secure supplies. For this reason, the group intends to raise the level of investment this year from the relatively low amount (FF 3,06bn) reached in 1978 following the completion of investment programmes in the North Sea.

A considerable proportion of this investment will go into new conversion facilities designed mainly to accommodate the

# Banks rally to help Beneficial Finance of Australia

BY JOHN ROGERS IN SYDNEY

THE BANK shareholders in the troubled South Australian-based financier, Beneficial Finance Corporation yesterday closed ranks behind the Board in the form of an undertaking to absorb 80 per cent of any short-fall in the company's one-for-three non-renounceable rights issue. With the financier plagued by a balance sheet top heavy in problem property loans and the shares struggling to stay above their 50-cents parity, a large undersubscription could be expected.

However with shareholders, the Bank of Tokyo (16.4 per cent), the International Bank of Detroit (10 per cent), the State Bank of South Australia (8.2 per cent) and the Bank of NSW (4.6 per cent) all signalling their intention not to take up their entitlement, but also virtually to underwrite the remainder of the AS7.7m issue, renewed confidence may not only be seen in the stock but also in the subscription list to its latest public debt issue.

In addition, the Bank of Tokyo and the Bank of Detroit will more than double their credit facilities to Beneficial over the next three years, from

# Smurfit withdraws offer for Penfolds Holdings

BY OUR SYDNEY CORRESPONDENT

JEFFERSON SMURFIT, the Irish paper and packaging group, has finally sounded the retreat on its Australian invasion with the announcement yesterday that it had dropped its AS15.7m (U.S.\$17.7m) takeover for the Sydney-based packaging and stationery group W. C. Penfolds Holdings, four months after the initial approach.

Representatives of Smurfit said profit expectations of the Penfolds group had not been substantiated in the latest year to June 30 and the company had no alternative but to withdraw its offer. A hint that all was not well with the pending merger was given three weeks ago when both companies announced that a "certain matter" still had to be settled after the foreign investment review board had given them its blessing after two months deliberation.

W. C. Penfolds' directors were quick to point out yesterday that although the results for the year would be below budget, they would be substantially in line with last year's results. With no other suit in sight, the Penfold family—which controls 50 per cent of the group and stood to gain handsomely from the AS7 a share bid—will now have to reverse its original plan. This included buying out the group's retail division which would have left Smurfit with the printing and packaging arms.

A Smurfit spokesman denied that the deal had been shelved because of funding commitments in the U.S. Smurfit announced last Thursday that it was lifting its stake in Alton Box Board Company from 27 per cent to 51 per cent through a tender offer at US\$22 a share. He added that Smurfit was still interested in entering the Australian market.

# Setback for Keppel shipyard

BY GEORGIE LEE IN SINGAPORE

KEPPEL SHIPYARD, the Singapore Government-owned group suffered an 85 per cent setback in group pre-tax profit for the year ended December, 1978 to S\$5.9m (U.S.\$2.7m).

With tax provisions declining by only 40 per cent to S\$6.5m, Keppel made a loss of S\$331,000 at the post-tax level.

Despite the decline in profit, Keppel has decided to maintain its final gross dividend payment at 15 per cent.

However, the downturn in profit at the parent company, which is involved in ship-repairing, was less severe.

Pre-tax profit for the parent was down by 29 per cent to S\$9.3m, while turnover fell by only 5 per cent.

Keppel said that the smaller decline in turnover compared with the drop in profit was a clear indication of the extent and severity of the squeeze on profit margins. It also substantiated the Salvage Association's report that ship-repair prices in Singapore dropped drastically by some 17 per cent in 1978.

On a more cheerful note, Keppel said that it had slightly improved on its position in the Singapore market. Of the total value of work done by the major yards in the Republic, Keppel's share was about 26 per cent to the shipbuilding sector.

Keppel's subsidiaries had sustained serious losses. Its offshore equipment and rig-building subsidiary, Far East Levinstone sustained a loss of S\$3.8m, while another shipbuilding subsidiary, Singapore Slipway, reported a loss of S\$3.1m on the completion of part of an order in 1978 for 13 mini-bulk carriers.

Singapore Slipway has made a provision for a further loss, amounting to S\$5.2m expected to be suffered on the remaining vessels under construction.

However, Keppel suggested that the worst might be over and that an upturn had begun to take place.

# Saab car losses expected to end

BY VICTOR KAYETZ IN STOCKHOLM

WHEN SWEDEN'S Saab last week announced a deal with Fiat for a collaboration programme for developing and manufacturing common components for the Saab and Lancia passenger cars, the company was careful to stress that the pact would not lead to the formation of any jointly owned company or in the other form of merger.

At the same time, the deal does not exclude cooperation with other parties. The various models of both Saab and Lancia automobiles will be kept separate and the two makes will retain distinct identities, the Swedish company added.

According to respected Swedish economic analysts, some of whom had speculated that Saab and Lancia are planning to launch a common car model during the 1980s, Saab's sales figures for the first four months of 1979 indicate that the newly launched Saab 900 turbo, which sells for a higher price than other Saab cars, has made an international sales breakthrough that may pull the group's Saab passenger car division out of the red during 1979.

Saab-Scania does not publish separate profit figures for its divisions, but the analysts believe that the car division lost at least SKr 100m in 1978 while

# Share issue by Paper Products

By Wong Sulong in Kuala Lumpur

PAPER PRODUCTS, the largest Malaysian paper manufacturer, is offering 4.5m shares of one ringgit each to Bumiputras (Malays) in line with the Government's New Economic Policy.

The share issue will bring the company's paid-up capital to 17m ringgit (U.S.\$88.8m). Of the issue, 10 per cent, or 450,000 shares, are to be reserved for its Malay employees, 3m shares for Bumiputras and Bumiputra institutions approved by the Ministry of Trade and Industry, and 1.05m shares for other Bumiputras.

The shares are being sold at the one ringgit par value, although they stood at 1.31 ringgit on the Kuala Lumpur Stock Exchange last Friday.

In the prospectus, Paper Products said that it expected to make a pre-tax profit of not less than 4.4m ringgit (\$2.02m) this year, and promised a 10 per cent dividend on the new paid-up capital. Last year, the company made a pre-tax profit of 3.8m ringgit.

Meanwhile, Malaysian Plantations Berhad (MPB) is seeking a listing on the Kuala Lumpur Exchange. As part of conditions imposed by the Government, it is to issue 11.2m of one ringgit each to Bumiputras at a later stage, which would bring its paid-up capital to 60m ringgit.

The price of the shares would be fixed at the time of the issue with the Malaysian authorities. MPB said the issue represented 15 per cent of the company's equity, and it intended to increase the Bumiputra holding to 30 per cent by 1985.

MPB was set up to take over the Malaysian interests of Plantation Holdings, of the UK, to be dissolved once its British and European interests are transferred to a new company, Phticom, listed on the London exchange.

MPB said that its pre-tax profits this year were estimated to be not less than 15m ringgit (\$8.4m), compared with 12.1m ringgit last year. It expects to pay a dividend of 15 per cent.

Multi-Purpose Holdings, the Malaysian group controlled by leaders of the Malaysian Chinese Association, has a 65 per cent equity stake in Plantation Holdings.

# Montedison to cut back in U.S.

By Maurice Samuelsen

MONTEDISON, the Italian chemical and fibres concern, will sell some of its major assets in the U.S. and become a mainly European-based company in its bid for financial recovery.

Dr. Luigi Craici, head of Montedison's economic and strategic studies department, said in London that as part of its three-year reconstruction programme, due to end in 1980, it would reduce its interests in the U.S. Since its U.S. patents had been confirmed, its first reason for being there had disappeared, according to Dr. Craici.

This year, the company hoped to sell off more of its holdings in non-chemical activities, where its "fundamental strategic interests" were not involved.

Two weeks ago, Montedison sold its 65 per cent stake in Ringier, a holding company for \$22m (\$33m). It has also reviewed other assets, including hydroelectric, thermoelectric and power plants, whose "real value" was \$237m.

Dr. Vieri Fogliati, Montedison's information director, predicted that while a slight loss would be suffered in 1980, it should again be profitable in 1981. Besides withdrawing from non-profitable sectors, the company pinned its hopes on more efficient management and on concentration on chemicals.

In the first five months of this year, Montedison's consolidated sales rose by 25 per cent to 12,821bn (\$3,393bn).

# Usinor in talks over Belgian plant purchase

BY OUR PARIS STAFF

A FURTHER step in the reorganisation of the French and Belgian steelmaking industries is expected within the next few weeks with the acquisition by Usinor of Cockerill's Rehon plant in Lorraine.

Negotiations on the deal are now well advanced between the companies. Its effect would be to give Usinor, the leading French group, control of all the significant steelmaking facilities in the Longwy valley in Lorraine, where it faces the most difficult of its reorganisation tasks.

It is not yet clear how Usinor will finance the deal. The French company is losing

money and is not expecting to break even for about two years as it pushes through its big redundancy and restructuring programme. It is possible that Cockerill, the largest Belgian company, will be given a stake in Usinor rather than cash.

The Rehon works make narrow strip products which fit in with Usinor's own strip activities and the general policy of pushing the French group towards more finished products. Capacity of the factory is about 850,000 tonnes a year, and it is claimed to have been one of the more profitable units during the steel industry crisis.

# Astra plans disposal of farm equipment company

BY OUR STOCKHOLM CORRESPONDENT

ASTRA, the Swedish pharmaceutical group, plans to sell its small animal and plant nutrition subsidiary, Astra-Ewos, to Sweden's Alfa-Laval, which makes equipment for farms, dairies, food-processing plants and other industrial users. The transfer, for an undisclosed sum, takes effect on September 1.

Astra will retain a minority interest and some research collaboration with Ewos.

Astra, which expects pre-tax profit in the range of SKr 150m (\$35m) in 1979 turnover of about SKr 2bn (\$467m), last year disposed of three other

subsidiaries, the sales of which totalled about SKr 300m and which made rust prevention systems, consumer hygienic products and sliding equipment, respectively. This was part of a continuing strategy of concentrating group resources on pharmaceuticals following recent international sales breakthroughs for Astra's new cardiovascular and anti-asthma drugs.

Astra-Ewos with 200 employees had a turnover of SKr 118m last year, 55 per cent in Sweden and the rest mainly in other Nordic countries and Britain.

# Siber Hegner maintains payout

BY JOHN WICKS IN ZURICH

CONSOLIDATED GROUP turnover of the international trading concern Siber Hegner fell by 13.1 per cent last year to SwFr 777m (\$480m). This was due partly to the higher Swiss franc exchange rate — at unaltered parities, the drop would have been of only 6.8 per cent — and partly to unfavourable conditions.

Industrial raw material turnover dropped by SwFr 87m over the year to SwFr 398m. Smaller rates of decline, of 4 and 13.7 per cent, respectively, were booked for trade in consumer products (SwFr 265m) and technical products (SwFr 118m).

The parent company, Siber Hegner Holdings, of Zurich, was able, despite the fall in Swiss franc sales, to show a slightly increased net profit for the financial year ended March 31 of SwFr 2.07m (\$1.25m), from which it intends to pay an unchanged 15 per cent dividend.

For 1978, business, according to the company, is particularly encouraging in the field of industrial raw materials. The group management expects measures taken last year to improve profitability levels of subsidiaries in this sector, especially those in difficulties in 1978, and in the division as a whole.

Over the past years, the share of consumer products business

# Boycott hits Malaysian Tobacco

By Our Kuala Lumpur Correspondent

INTERIM PROFITS of Malaysia Tobacco Company were adversely affected by a boycott of the company's cigarettes by the Chinese in North Malaysia.

The company said that its pre-tax profits for the six months to March fell by 5 per cent to 27.7m ringgit (\$12.7m). Turnover was 3.7 per cent higher, at 261m ringgit.

In mid-February, there were rumours in North Malaysia that the company had refused to contribute to the Merdeka University fund and this led to a boycott of its cigarettes by the Chinese—who are fighting for the Government to allow them to set up their own university.

The proposed Merdeka University is one of the most sensitive issues which had split the Malay and Chinese into opposing camps. Malaysia Tobacco Company has strongly denied the rumour, and said that it had never been approached for donations by the Merdeka University sponsors.

It said that recent market indications showed sales were gradually recovering, and added that its full year's results should be not substantially different from those of the previous year, if this trend was maintained.

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

30th May, 1979



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Trident International Finance Limited	Dresdner Bank Aktiengesellschaft	Hill Samuel & Co. Limited
Wako Securities Company Limited	Dresdner Bank Aktiengesellschaft	Hill Samuel & Co. Limited
Wood Gundy Limited	Dresdner Bank Aktiengesellschaft	Hill Samuel & Co. Limited



Companies and Markets

Early 8.2 fall on Wall St. on oil worries

INVESTMENT DOLLAR PREMIUM
AS INVESTORS continued to worry about energy and oil prices, Wall Street retreated sharply across a wide front yesterday morning in fairly active dealing.

The Dow Jones Industrial Average was down \$19 to 833.79 at 1 pm, while the NYSE All Common Index sustained a fall of 47 cents at 87.91. Declining issues outnumbered advances by about a three-to-one ratio and turnover came to 21.7m shares compared with last Friday's 1.7m level of 24.7m.

The decline came despite the announcement from Saudi Arabia that it has decided to increase its crude oil production.

Also, President Carter stated that the latest OPEC price rises make a recession in the U.S. much more likely.

Energy issues were mostly fractionally lower, including

Amerada Hess, Mobil, Exxon, Standard Oil of Indiana, Standard Oil of California, Texaco and Gulf. Atlantic Richfield slipped 5 1/8 to \$66 1/8.

However, Charter Company picked up \$1 to \$30, Standard Oil of Ohio 1/2 to \$56 and Occidental Petroleum 1/4 to \$22 1/4.

Among take-over situations, Harrischegar fell 5 1/8 to \$191. The company said a preliminary injunction granted to halt Paccor's proposed tender offer for Harrischegar may mean the end of the takeover bid.

Pittsburgh Courier gained \$4 to \$36 1/8. Pittsburgh, up 1 1/8 to \$18 1/8, said that it will make a tender offer for Pittsburgh Gorging at \$38 a share.

Parker Drilling, which reported lower profits for the third quarter, fell 2 1/8 to \$29 1/8.

AMERICAN SE Market Value Index relinquished 1.24 to 199.52 at 1 pm on volume of 2.25m shares (2.88m).

Canada Markets were closed yesterday for the Dominion Day holiday.

Tokyo After a firm Saturday half-day session, stocks closed mixed to fairly active business.

The Nikkei-Dow Jones Average hardened 10.02 more to

6,283.14 and the Tokyo SE index edged up 0.26 to 447.50, while volume on the First Market section reached 360m shares.

Large-capital issues attracted support. Toshiba issued Y6 to Y16 on good earnings prospects, while Mitsubishi Electric put on Y15 to Y183, Mitsubishi Heavy Industries Y5 to Y120 and Nippon Kōkan Y5 to Y120.

Bearing Manufacturers rose on reports that General Motors, the U.S. base, is to buy shares from Nippon Selko on a long-term basis.

On the domestic bond market, Public Authority issues showed gains to 15 pennings but also some losses ranging to 20 pennings.

The Bundestag sold DM 10.8m nominal of paper after sales of DM 15.1m last Friday.

Paris Bourse prices displayed a slight bias to lower levels in slow trading.

Brokers said the raising of the Call Money rate by 1/4 of a point to 8 1/2 per cent was partly responsible for sapping sentiment, while also making investors hesitant during the morning coupled with

Indices

NEW YORK - DOW JONES

Table with columns for Date, High, Low, and Change. Rows include Industrial, Transp., Utilities, and Total.

STANDARD AND POORS

Table with columns for Date, High, Low, and Change. Rows include Industrial, Composite, and N.Y.S.E. All Common.

MONTREAL

Table with columns for Date, High, Low, and Change. Rows include Industrial and Combined.

TORONTO

Table with columns for Date, High, Low, and Change. Rows include Composite and Industrial.

JOHANNESBURG

Table with columns for Date, High, Low, and Change. Rows include Gold and Industrial.

FRIDAYS ACTIVE STOCKS

Table listing active stocks with columns for Stock Name, Price, and Change.

NEW YORK

Large table listing various stocks with columns for Stock Name, Price, and Change.

CANADA

Table listing Canadian stocks with columns for Stock Name, Price, and Change.

AMSTERDAM

Table listing Amsterdam stocks with columns for Stock Name, Price, and Change.

GERMANY

Table listing German stocks with columns for Stock Name, Price, and Change.

TOKYO

Table listing Tokyo stocks with columns for Stock Name, Price, and Change.

AUSTRALIA

Table listing Australian stocks with columns for Stock Name, Price, and Change.

BRUSSELS/LUXEMBOURG

Table listing Brussels/Luxembourg stocks with columns for Stock Name, Price, and Change.

AMSTERDAM

Table listing Amsterdam stocks with columns for Stock Name, Price, and Change.

COPENHAGEN

Table listing Copenhagen stocks with columns for Stock Name, Price, and Change.

VIENNA

Table listing Vienna stocks with columns for Stock Name, Price, and Change.

MILAN

Table listing Milan stocks with columns for Stock Name, Price, and Change.

EUROPEAN OPTIONS EXCHANGE

Table listing European options with columns for Series, Vol., Last, and Stock.

BASE LENDING RATES

Table listing base lending rates for various banks and currencies.

BASE LENDING RATES

Table listing base lending rates for various banks and currencies.

PARIS

Table listing Paris stocks with columns for Stock Name, Price, and Change.

Financial Times Tuesday July 3 1979



Supplies of wheat adequate

WORLD WHEAT supplies should be adequate in the 1978-80 season despite an expected 7 per cent cut in the harvest...

Heavy falls in London copper and tin prices

THE RISE in the value of sterling and pessimism about future demand prospects brought a general fall in values on the London Metal Exchange yesterday...

Colombia warns on coffee pact

COFFEE PRODUCING countries would be forced to defend their economies if consumers did not participate in price stabilisation measures...

New deal for farm and food urged

FARMING AND the food processing industries should stop dealing with one another at arm's length in an atmosphere of distrust...

Cut in NZ butter levy likely

THE ECC's Dairy Management Committee is expected at its meeting on Thursday to cut the special import levy on New Zealand butter...

Molybdenum prices rise

TWO U.S. companies have raised their prices for molybdenum products. Anax Inc. announced in Greenwich, Connecticut, yesterday that it was lifting its domestic prices by 2.3 per cent...

Animal feed expansion

THE BIGGEST animal feed company in Britain, BOCM Silcock, is to spend £10m on expansion projects aimed at boosting output by 250,000 tonnes a year...

Farm deal worth £34m

BRITAIN WILL have a net benefit of £34m from the EEC farm price package negotiated in Luxembourg last month...

Australia optimistic over meat exports

AUSTRALIA still hopes to win significant access for its meat products into the Common Market...

Meat exports to Pacific Basin

Meat exports to Pacific Basin countries had risen dramatically, however, reaching around 600,000 tonnes last year...

Potato duty cut welcomed

CYPRUS GOVERNMENT officials have welcomed the EEC's decision to grant a 50 per cent reduction in the potato customs tariff for 60,000 tonnes of Cyprus potatoes...

BRITISH COMMODITY MARKETS

Table with columns for BASE METALS, COFFEE, and I.G. Index. Includes prices for copper, tin, zinc, and various commodity indices.

COTTON

Table with columns for LIVERPOOL COTTON, TEA AUCTION, and SILVER. Includes prices for various cotton grades and tea auctions.

PRICE CHANGES

Table with columns for METALS, GRAINS, and WHEAT. Lists price changes for various commodities.

AMERICAN MARKETS

Table with columns for NEW YORK, CHICAGO, and CINCINNATI. Lists market prices for various commodities.

INSURANCE BASE RATES

Table with columns for Property Growth and Address. Lists insurance base rates.

CORAL INDEX

Table with columns for CORAL INDEX. Lists index values for various commodities.

WHEAT

Table with columns for WHEAT, BARLEY, and RICE. Lists prices for various grains.

EUROPEAN MARKETS

Table with columns for ROTTERDAM, PARIS, and LONDON. Lists market prices for various commodities.

ARE YOU MAKING MONEY IN COFFEE? Clients receiving the Commodity Trading Recommendation service (CTR) first bought Coffee in February...

COCOA

Table with columns for COCOA. Lists prices for various cocoa grades.

WHEAT

Table with columns for WHEAT, BARLEY, and RICE. Lists prices for various grains.

INDICES

Table with columns for FINANCIAL TIMES, MOODY'S, and REUTERS. Lists index values.

WOOL FUTURES

Table with columns for WOOL FUTURES. Lists prices for various wool grades.

SOYABEAN MEAL

Table with columns for SOYABEAN MEAL. Lists prices for various soyabean meal grades.

MEAT/VEGETABLES

Table with columns for MEAT/VEGETABLES. Lists prices for various meat and vegetable products.

ART GALLERIES. Lists various art galleries and their locations.

COMMUNITY ANALYSIS LTD. 37-39 St Andrew's Hill, London EC4V 5DD. 58 Kensington, 4000 Dusseldorf 1.

COMMUNITY ANALYSIS LTD. 37-39 St Andrew's Hill, London EC4V 5DD. 58 Kensington, 4000 Dusseldorf 1.

COMMUNITY ANALYSIS LTD. 37-39 St Andrew's Hill, London EC4V 5DD. 58 Kensington, 4000 Dusseldorf 1.



LONDON STOCK EXCHANGE

Widespread and heavy demand for Gilts continues after-hours bringing rises to nearly three points

Account Dealing Dates... First Declara- Last Account Dealings... Heavy and more widespread investment funds attracted by the remorseless advance in the pound...

issued 11 days previously, were exhausted at 157... The possibility of further relaxations in exchange control regulations provoked fresh selling of investment currencies...

Interest in Mining Supplies which put on 4 to 96p... Oils mixed... The Oil traders encountered further profit-taking, but support was forthcoming for some of the more speculative North Sea issues...

FINANCIAL TIMES STOCK INDICES. Table with columns for various indices like Government Secs, Fixed Interest, Industrial, Gold Mines, etc., and their values for different dates.

HIGHS AND LOWS. Table showing high and low prices for various stock categories like Govt. Secs, Fixed Int., Ind. Ord., Gold Mines, etc.

LONDON TRADED OPTIONS. Table with columns for Option, Ex. price, Closing offer, Vol., etc., listing various options like BP, Bp, Bp, etc.

acattered improvements following a small business... MFI good again... Store leaders finally ended displaying gains limited to one or two pence...

John Waddington fell 6 to 162p... Oils mixed... The Oil traders encountered further profit-taking, but support was forthcoming for some of the more speculative North Sea issues...

bullion price. What demand... only 2.4 at 104.4... The new government index was 12.1 lower at 104.6...

NEW HIGHS AND LOWS FOR 1979. Table listing new high and low prices for various securities and stocks.

APPOINTMENTS

Morgan Grenfell group posts

Mr. J. A. Franklin and Mr. J. L. Norton have been appointed directors of MORGAN GRENELL AND COMPANY... Mr. Stanley W. Bolden, a director of SPECTROL RELIANCE, has been appointed general manager of the company...

OPTIONS

DEALING DATES... First Last For Deal-Deal- Declara-Settle- ings ingns ment ment Jun. 26 July 9 Sep. 20 Oct. 2 July 10 July 23 Oct. 4 Oct. 18 July 24 Aug. 6 Oct. 18 Oct. 30

ACTIVE STOCKS

Table listing active stocks with columns for Stock, Denomina- tion, No. of shares, Closing price, Change, 1979 high, 1979 low.

RECENT ISSUES

Table listing recent issues with columns for Issue, Amount, Date, High, Low, Stock, etc.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for Issue, Amount, Date, High, Low, Stock, etc.

"RIGHTS" OFFERS

Table listing rights offers with columns for Issue, Amount, Date, High, Low, Stock, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

EQUITY GROUPS & SUB-SECTIONS. Table with columns for Group, Index No., Day's Change, etc., listing various equity groups like CAPITAL GOODS, BUILDING MATERIALS, etc.

FIXED INTEREST PRICE INDICES

Table listing fixed interest price indices with columns for Index No., Day's Change, etc., listing various fixed interest securities.

SALE OF TWO CENTURIES. DRAMATIC REDUCTIONS. BUY NOW AT NEVER TO BE REPEATED PRICES. CHESTER BARRIE, D'AVENZA and other selected suits ranges up to 48% chest. PLUS GENUINE REDUCTIONS on blazers, sports jackets, trousers, shirts, pyjamas, knitwear, ties and shoes (inc. Church's).

Mr. Richard Blake has been appointed director of MARDON SON AND HALL (Mardon Packaging International). He succeeds Mr. Alan Knight, who becomes personnel director designate, pending the retirement at the end of the year of Mr. C. S. N. Tomlin.

Monday, July 2. Table with columns for Index No., Day's Change, etc., listing various equity groups and sub-sections.

GIEVES & HAWKES. of No. 1 SAVILE ROW, LONDON W.1. Also in the City - Lime Street Branch - Starts Tomorrow. مكنان النحل



**AUTHORISED UNIT TRUSTS**

Table listing various unit trusts such as Minister Fund Managers Ltd, NLA Unit Trust Managers Ltd, and others, including their names, addresses, and contact information.

Table listing various unit trusts such as Prof. Partridge Mgrs. Ltd, Reliance Unit Mgrs. Ltd, and others, including their names, addresses, and contact information.

Table listing various unit trusts such as Tower Unit Trust Mngt. Ltd, Trades Union Unit Trst. Managers, and others, including their names, addresses, and contact information.

**OFFSHORE AND OVERSEAS FUNDS**

Table listing various offshore and overseas funds such as Alexander Fund, Allen Harvey & Ross (Mgt. Co.), and others, including their names, addresses, and contact information.

**1979**

Table listing various insurance and property products, including Abbey Life Assurance Co. Ltd, Crown Life Assurance, and others, with their respective details.

**INSURANCE AND PROPERTY BONDS**

Table listing various insurance and property bonds, including Crown Life Assurance, Lloyds Life Assurance, and others, with their respective details.

**INSURANCE AND PROPERTY BONDS**

Table listing various insurance and property bonds, including Lloyds Life Assurance, Prudential Pensions Limited, and others, with their respective details.

**OFFSHORE AND OVERSEAS FUNDS**

Table listing various offshore and overseas funds, including Alexander Fund, Allen Harvey & Ross (Mgt. Co.), and others, with their respective details.



FT SHARE INFORMATION SERVICE

CIG IBM COMPUTERS LEASED AT SUBSTANTIAL SAVINGS CIG COMPUTERS LIMITED, 58/70 Putney High Street, London SW15 1SF, England. Tel: 01-788 8212

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Table of British Funds with columns for Name, Price, Div. Yield, and % Change.

Five to Fifteen Years

Table of British Funds (Five to Fifteen Years) with columns for Name, Price, Div. Yield, and % Change.

Over Fifteen Years

Table of British Funds (Over Fifteen Years) with columns for Name, Price, Div. Yield, and % Change.

Undated

Table of British Funds (Undated) with columns for Name, Price, Div. Yield, and % Change.

INTERNATIONAL BANK

Table of International Bank with columns for Name, Price, Div. Yield, and % Change.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, Div. Yield, and % Change.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Name, Price, Div. Yield, and % Change.

LOANS

Table of Loans with columns for Name, Price, Div. Yield, and % Change.

FINANCIAL

Table of Financial with columns for Name, Price, Div. Yield, and % Change.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Price, Div. Yield, and % Change.

AMERICANS

Table of Americans with columns for Name, Price, Div. Yield, and % Change.

U.S. \$ & DM prices exclude inv. 5 premium

Table of U.S. \$ & DM prices with columns for Name, Price, Div. Yield, and % Change.

CANADIANS

Table of Canadians with columns for Name, Price, Div. Yield, and % Change.

S.E. List Premium 7% (based on US\$2.1910 per £)

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Price, Div. Yield, and % Change.

BANKS & HP—Continued

Table of Banks & HP—Continued with columns for Name, Price, Div. Yield, and % Change.

Hire Purchase, etc.

Table of Hire Purchase, etc. with columns for Name, Price, Div. Yield, and % Change.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Price, Div. Yield, and % Change.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Price, Div. Yield, and % Change.

U.S. \$ & DM prices exclude inv. 5 premium

Table of U.S. \$ & DM prices with columns for Name, Price, Div. Yield, and % Change.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals, Plastics—Cont. with columns for Name, Price, Div. Yield, and % Change.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Price, Div. Yield, and % Change.

ENGINEERING—Continued

Table of Engineering—Continued with columns for Name, Price, Div. Yield, and % Change.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools with columns for Name, Price, Div. Yield, and % Change.

FOOD, GROCERIES—Cont.

Table of Food, Groceries—Cont. with columns for Name, Price, Div. Yield, and % Change.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Price, Div. Yield, and % Change.

INDUSTRIALS (Miscel)

Table of Industrials (Miscel) with columns for Name, Price, Div. Yield, and % Change.

ELECTRICAL AND RADIO

Table of Electrical and Radio with columns for Name, Price, Div. Yield, and % Change.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Name, Price, Div. Yield, and % Change.

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INSURANCE—Continued

Table of insurance stocks including Gen. Accident, G.R. Co., Hamilton, etc.

PROPERTY—Continued

Table of property stocks including Eurus, Eurus East, Eurus West, etc.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including Broadstone, C.P. Inv., etc.

FINANCE, LAND—Continued

Table of finance and land stocks including Anglo, Bank of London, etc.

MINES—Continued AUSTRALIAN

Table of Australian mines including Acacia, BHP, etc.

LEISURE

Table of leisure stocks including ABC Leisure, etc.

MOTORS, AIRCRAFT TRADES

Table of motors and aircraft trades including Avon, etc.

SHIPPING

Table of shipping stocks including British, etc.

SOLES AND LEATHER

Table of shoes and leather stocks including Bata, etc.

OVERSEAS TRADERS

Table of overseas traders including Anglo, etc.

COMPONENTS

Table of components stocks including Avon, etc.

GARAGES AND DISTRIBUTORS

Table of garages and distributors including Avon, etc.

SOUTH AFRICANS

Table of South African stocks including Anglo, etc.

TEXTILES

Table of textile stocks including Avon, etc.

TINS

Table of tins including Anglo, etc.

COPPER

Table of copper stocks including Anglo, etc.

MISCELLANEOUS

Table of miscellaneous stocks including Anglo, etc.

GOLDS EX-GRAND

Table of gold stocks including Anglo, etc.

NOTES

Notes regarding stock prices and market conditions.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including Avon, etc.

PAPER, PRINTING

Table of paper and printing stocks including Avon, etc.

TOBACCO

Table of tobacco stocks including Avon, etc.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including Avon, etc.

TEAS

Table of tea stocks including Avon, etc.

INDIA AND BANGLADESH

Table of India and Bangladesh stocks including Avon, etc.

SRI LANKA

Table of Sri Lanka stocks including Avon, etc.

AFRICA

Table of African stocks including Avon, etc.

MINES

CENTRAL RAND

Table of Central Rand mines including Avon, etc.

EASTERN RAND

Table of Eastern Rand mines including Avon, etc.

FAR WEST RAND

Table of Far West Rand mines including Avon, etc.

O.F.S.

Table of O.F.S. stocks including Avon, etc.

FINANCE

Table of finance stocks including Avon, etc.

REGIONAL MARKETS

Table of regional markets including Avon, etc.

OPTIONS

Table of options including Avon, etc.

3-month Call Rates

Table of 3-month call rates including Avon, etc.

INSURANCE

Table of insurance stocks including Avon, etc.

PROPERTY

Table of property stocks including Avon, etc.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including Avon, etc.

FINANCE, LAND, ETC.

Table of finance, land, and other stocks including Avon, etc.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including Avon, etc.

CENTRAL AFRICAN

Table of Central African stocks including Avon, etc.





Hull for your next expansion. New Development Opportunities brochure from Kingston upon Hull.

More bombs shake Spanish resorts

BY DAVID GARDNER

Basque Guerrillas yesterday exploded two more bombs in Spanish holiday resorts, and carried out a machine-gun attack on a night train from Paris to Hendaye.

Spain also suffered two other tragedies yesterday, coinciding with the start of the tourist season. Five people died and 20 were injured in an hotel fire in Palma, the capital of Majorca.

The machine-gun attack on the Puerta del Sol night express occurred near San Jean de Luz, in the French Basque country.

matic weapons from either side, spraying the under part of the carriages.

Two bombs for which the politico-military wing of the nationalist guerrilla organisation, ETA, claimed responsibility, exploded in a hotel in Castellon on Spain's east coast, and in nearby Penicola, where the tourist office was destroyed.

In every case so far, up to two hours warning has been given. But on Saturday, a Belgian couple were seriously injured by an explosion in the southern resort town of Marbella near the tourist complex of Puerto Banus.

The bombings are an attempt to force the Government into transferring more than 100 alleged ETA activists held in the maximum security prison of Sorja to jails in the Basque country.

Basque groups have frequently protested at conditions in the Sorja, where incidents between prisoners and police are frequent.

The guerrillas extended the campaign of violence to the French Basque country on Saturday, when the subprefect's office in Bayonne was badly damaged by a powerful bomb.

Thomas Cook, Britain's biggest travel retail chain, said there has been no effect on travel to Spain whatever apart from a few inquiries as to the safety of travel to that country.

It is normal practice in tour operating to run programmes normally unless companies are advised to change their plans by the Foreign Office.

Arthur Sandle writes: The British are pressing ahead with their Spanish holidays in spite of the terror campaign.

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muscle for political reasons. "That is the start of the slippery slope, which will not lead to Socialism but would inevitably bring about a Right-wing backlash to Fascism."

No, we will keep our muscle to fight our industry problems and in the meantime try to show the British electorate what a ghastly mistake they have made in changing Government.

No amount of "huffing and puffing" by trade unions would stir the fact of a big Conservative majority in the Commons. Mr. Gormley warned the Government, which he said was vulnerable to the lure of cheap coal imports, not to interfere with the long-term investment strategy for coal.

The NUM president told delegates not to use industrial action to force the Government into transferring more than 100 alleged ETA activists held in the maximum security prison of Sorja to jails in the Basque country.

Basque groups have frequently protested at conditions in the Sorja, where incidents between prisoners and police are frequent.

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Gormley gives warning to militants

BY CHRISTIAN TYLER, LABOUR EDITOR

THE COAL Industry's strong position resulting from the world energy crisis should not be prejudiced by persistent militancy from the miners.

Mr. Gormley's message to the union's annual conference in Jersey was that the miners would fight for British coal at a time when big consumers, like the Central Electricity Generating Board, were trying to buy abroad.

Mr. Gormley said that the incentive scheme was entirely a matter for local negotiation and that the resolution's demand for a formal link between bonus pay and coal face rates was out of order.

Mr. Gormley had scarcely sat down before the first political counter-attack of the week was launched.

The Yorkshire delegation successfully moved that a resolution from Durham concerning incentive schemes excluded from the agenda should be put back.

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Chrysler peace hopes rise

By Arthur Smith, Midlands Correspondent

HOPE WERE rising last night that the strike threatened by 3,500 workers at Chrysler UK's Stoke engine plant, Coventry, might be averted.

Such an outcome would isolate the 2,000 employees at the nearby Ryton assembly factory, who walked out on Friday in protest at the company's offer to increase basic pay by 5 1/2 per cent.

At Stoke, where disruption to the £100m-a-year contract to supply components to Iran has caused extensive lay-offs and short time working, there is less enthusiasm for a confrontation.

Workers are expected to vote at a mass meeting today, to give seven-days notice of strike action. It is hoped stewards will be authorised to continue negotiations on a proposed new incentive scheme.

According to Chrysler management, workers could qualify for additional payments of around £5 a week.

The decision by Stoke workers is crucial, as the factory supplies engines and components for the Llanwood plant, Scotland, which assembles the Sunbeam and Avenger models.

Stewards at Llanwood, though it has a reputation for militancy, are continuing talks on the annual pay deal, which was scheduled to take effect this week.

Chrysler UK taken over at the beginning of this year by Peugeot-Citroen, has already given a warning that strike action would almost certainly start a rundown in the size of the company.

Midland switch from consortium strategy

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

MIDLAND BANK has abandoned its reliance on the consortium banking approach as the sole basis for its international expansion.

Mr. Malcolm Wilcox, one of Midland's chief general managers, yesterday admitted for the first time that the use of consortia alone no longer represented a viable international strategy for the UK banking group.

He was speaking only days after Midland announced the largest ever foreign bank takeover in the U.S., with the proposed £250m acquisition of the Walter E. Heller financial conglomerate.

Midland Bank has been the most committed of the major British banks to the use of consortia for international banking.

Together with such large European banks as Deutsche Bank of Germany, Societe Generale of France, AMRO of Holland and Societe Generale de Banque of Belgium, Midland is a member of EBIC, probably the most significant consortium banking club.

These banks represent each others' interests in their own countries. They hold joint stakes in banks operating in areas where the shareholder banks are not represented.

The largest bank owned by EBIC's principal member is European-American Banking, which took over the ailing U.S.-based Franklin National Bank several years ago.

Some bankers have been critical of the disadvantages in consortium banking, particularly the importance of share-holder co-operation. Once individual shareholders start developing their own international operations as well, difficulties may arise.

In EBIC's case, Deutsche Bank has its own operation in New York, while Midland is also represented in France. No other major British bank is so dependent on the consortium approach as Midland. All now have their own international operations.

Mr. Wilcox said that Midland had always pressed for "increasing separateness" of its consortium interests. Other banks involved with EBIC realised that the world of international banking was changing.

Major European banks can no longer look only to minority stakes to satisfy their U.S. ambitions," Mr. Wilcox declared.

Mr. Wilcox said that since 1974 Midland Bank had determined on having two separate international banking strategies. The first was to continue with consortium banking, as a member of the EBIC club.

The second was to develop the bank internationally by its own initiative.

"We have made it increasingly apparent to the other members that our own initiative was growing stronger and stronger," he said.

Midland would still maintain parallel strategies. But after Heller it was clear that the "own initiative" approach was now dominant.

The Midland management has decided on a number of geographical priorities for its international expansion. Apart from filling the major U.S. gaps, other areas identified for investment included Australia and the EEC.

There will also be "limited advancement" in South America, the Middle East and the Far East.

"Our objective is to be represented in every major money centre of the world, through a presence in Midland's name," Mr. Wilcox stated.

He added there was always a possibility in the longer term that Midland would extend its own representation in other parts of the U.S. apart from Chicago where Heller's sole bank branch is based.

Weather

UK TODAY

Dry with sunny intervals in Eastern Central and Southern England and S.E. Scotland. Mainly cloudy, with some rain or drizzle and fog patches, elsewhere.

London, E., S.E., Cent. S., and Cent. N. England, Midlands, Channel Is.

Dry, with sunny or clear intervals. Max. 20C (68F).

Wales, S.W. and N.W. England, Channel Is.

Sunny intervals. Drizzle or fog in places. Max. 18C (64F).

N.E. England, Borders, Edinburgh and Dundee

Mostly cloudy, bright intervals. Max. 17C (63F).

Rest of Scotland, N. Ireland

Mostly cloudy. Rain or drizzle with fog patches. Max. 17C (63F).

Outlook: Mostly dry

WORLDWIDE

Y'day midday Y'day midday

Ajaccio 22 72 Locarno 18 54

Algiers 24 76 London 18 61

Ankara 18 61 Luxembourg 12 55

Athens 29 84 Luzern 13 56

Bahrain 21 70 Madrid 22 72

Batavia 22 80 Manila 28 84

Beijing 15 59 Mexico 29 84

Bombay 22 80 Moscow 27 81

Buenos Aires 14 57 M'charr 14 57

Calcutta 18 66 Malindi 12 54

Canton 15 55 Milan 17 63

Cebu 15 55 Montreal 19 67

Colon 15 55 Moscow 27 81

Dacca 15 55 New York 21 70

Dahomey 15 55 Opaton 17 63

Dar es Salaam 15 55 Perth 17 63

Delhi 15 55 Rome 27 81

Dhaka 15 55 Saigon 17 63

Dublin 15 55 Singapore 31 87

Frankfurt 15 55 Stockholm 18 61

Geneva 15 55 Surabaya 18 61

Hankow 15 55 Taipei 21 70

Hong Kong 15 55 Tel Aviv 28 82

Imbabura 15 55 Toronto 21 70

Indragiri 15 55 Tokyo 31 88

Jakarta 15 55 Valencia 22 73

Johannesburg 15 55 Warsaw 18 61

Kuala Lumpur 15 55 Zurich 17 63

Lagos 15 55

Lima 15 55

Lisbon 15 55

London 15 55

Los Angeles 15 55

Lyons 15 55

Manila 15 55

Medan 15 55

Mexico City 15 55

Mumbai 15 55

Nairobi 15 55

Paris 15 55

Rangoon 15 55

Riyadh 15 55

Singapore 15 55

Sourabaya 15 55

Taipei 15 55

Tel Aviv 15 55

Tokyo 15 55

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